SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-8858

UNITIL CORPORATION
(Exact name of registrant as specified in its charter)

New Hampshire	02-0381573
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6 Liberty Lane West, Hampton, New Hampshire (Address of principal executive offices)	03842-1720 (Zip Code)

Registrant's telephone number, including area code: (603) 772-0775

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K [X]

Based on the closing price of March 1, 2003, the aggregate market value of common stock held by non-affiliates of the registrant was $123,810,466.

The number of common shares outstanding of the registrant was 4,743,696 as of March 1, 2003.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 17, 2003, are incorporated by reference into Part III of this Report.

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PART I

Item 1. Business

UNITIL Corporation

Unitil Corporation (Unitil or the Company) was incorporated under the laws of the State of New Hampshire in 1984. Unitil is a registered public utility holding company under the Public Utility Holding Company Act of 1935 (the 1935 Act), and is the parent company of the Unitil companies. The following companies are wholly-owned subsidiaries of Unitil:

Unitil Corporation Subsidiaries	State and Year of Organization	Principal Type of Business
Unitil Energy Systems, Inc. (UES)	NH - 1901	Retail Electric Distribution Utility
Fitchburg Gas and Electric Light Company (FG&E)	MA - 1852	Retail Electric & Gas Distribution Utility
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Service Corp. (Unitil Service)	NH - 1984	System Service Company
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Energy Brokering and Advisory Services
Usource, Inc.	NH - 2000	Energy Brokering and Advisory Services
Usource L.L.C. (Usource)	NH - 2000	Energy Brokering and Advisory Services

Unitil's principal business is the retail sale and distribution of electricity and related services in several cities and towns in the seacoast and capital city areas of New Hampshire, and both electricity and gas and related services in north central Massachusetts, through Unitil's two wholly-owned retail distribution utility subsidiaries (UES and FG&E, collectively referred to as the Retail Distribution Utilities). The Company's wholesale electric power utility subsidiary, Unitil Power Corp., currently provides all the electric power supply requirements to UES for resale at retail.

In December 2002, Exeter & Hampton Electric Company (E&H), a wholly-owned subsidiary of Until, was merged with and into Concord Electric Company (CECo), also a wholly-owned subsidiary of Unitil. CECo changed its name to UES immediately following the merger.

Unitil has three additional wholly owned subsidiaries: Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and Unitil Resources, Inc. (Unitil Resources). Unitil Realty owns and manages the Company's corporate office building and property located in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Service provides, at cost, centralized management, administrative, accounting, financial, engineering, information systems, regulatory, planning, procurement, and other services to the Unitil System companies. Unitil Resources is the Company's wholly owned non-utility subsidiary and has been authorized by the Securities and Exchange Commission, pursuant to the rules and regulations of the 1935 Act, to engage in business transactions as a competitive marketer of electricity, gas and other energy commodities in wholesale and retail markets, and to provide energy brokering, consulting and management related services within the United States. Usource, Inc. and Usource L.L.C. (Usource) are wholly-owned subsidiaries of Usource, Inc. Usource provides energy brokering services, as well as related energy consulting services.

UTILITY OPERATIONS

UES serves customers in two distinct geographical territories in New Hampshire - one in the central region of the state and one in the seacoast region.

UES is engaged principally in the retail distribution and sale of electricity to approximately 70,000 customers in New Hampshire in the cities of Concord, Exeter and Hampton, as well as 12 towns surrounding Concord and all or part of 16 towns surrounding Exeter and Hampton. UES's service area consists of approximately 408 square miles in the Merrimack River Valley of south central New Hampshire and in southeastern New Hampshire.

The State of New Hampshire's government operations are located within UES's service area, including the executive, legislative, judicial branches and offices and facilities for all major state government services. In addition, UES's service area is a retail trading center for the north central and southeastern parts of the state. These areas serve diversified businesses relating to insurance, printing, electronics, granite, belting, plastic yarns, furniture, machinery, sportswear and lumber, shopping centers, motels, farms, restaurants, apple orchards and office buildings, as well as manufacturing firms engaged in the production of sportswear, automobile parts and electronic components. It is estimated that there are over 150,000 daily summer visitors to UES's service territory in southeastern New Hampshire, which includes several popular resort areas and beaches along the Atlantic Ocean. Of UES's 2002 retail electric revenues, approximately 42% were derived from residential sales, 34% from commercial, government and nonmanufacturing sales, 23% from industrial/manufacturing sales and 1% from other sales.

FG&E is engaged principally in the retail distribution and sale of both electricity and natural gas in the City of Fitchburg and several surrounding communities. FG&E's service area encompasses approximately 170 square miles in north central Massachusetts.

Electricity is supplied and distributed by FG&E to approximately 27,000 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. FG&E's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and allied industries. Of FG&E's 2002 electric revenues, approximately 35% were derived from residential sales, 23% from commercial and nonmanufacturing sales, 25% from industrial/manufacturing sales and 17% from other sales.

Natural gas is supplied and distributed by FG&E to approximately 15,000 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Of FG&E's 2002 gas operating revenues, approximately 51% were derived from residential sales, 11% from small general customers, 18% from medium general customers, 9% from large general customers, 8% from interruptible sales (which are sales to customers that have agreed to discontinue use of the Company-supplied gas service temporarily upon notice by the Company, and which customers usually have an alternate fuel capability, e.g., fuel oil, that they can employ during the interruption periods) and 3% from other sales. FG&E's industrial gas revenue is primarily derived from firm sales to chemical manufacturers, paper manufacturing and paper products companies, fabricated metal products manufacturers and plastics manufacturers.

Natural gas sales in New England are seasonal, and the Company's results of operations reflect this seasonal nature. Accordingly, results of operations are typically positively impacted by gas operations during the five heating season months from November through March of the following year. Electric sales in New England are far less seasonal than natural gas sales; however, the highest usage typically occurs in the summer and winter months due to air conditioning and heating requirements, respectively. Unitil is not dependent on a single customer or a few customers for its electric and gas sales.

(For details on Unitil's Results of Operations, see Part II, Item 7 herein.)
(For segment information, see Part II, Item 8, Footnote 14 herein.)

MARCH 14, 2003 New Hampshire Public Utilities Commission Order

On March 14, 2003 the New Hampshire Public Utilities Commission (NHPUC) approved the agreement between Unitil Power, UES and Mirant Americas Energy Marketing, LP. (Mirant), which was entered into on February 25, 2003, under which Mirant will purchase the entitlements to Unitil Power's Supply portfolio and provide Transition and Default Service to the customers of UES. The final amount of Unitil Power's recoverable stranded costs, calculated on the basis of the amounts agreed to be paid by the parties under such Agreement for the Unitil Power power supply portfolio, was determined to be $108.7 million, with a recovery period of 8 years. As of December 31, 2002, the Company had estimated these recoverable stranded costs and accordingly recorded on its balance sheet as of that date $94.5 million as Power Supply Buyout Obligations and Regulatory Assets. The approval of the Agreement by the NHPUC is subject to an appeal period of 30 days. The NHPUC Order completes the state approval process for Unitil's restructuring plan under which UES will implement customer choice for its customers on May 1, 2003.

REGULATORY MATTERS

The Unitil Companies are regulated by various federal and state agencies, including the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC), and state regulatory authorities with jurisdiction over public utilities, including the New Hampshire Public Utilities Commission (NHPUC) and the Massachusetts Department of Telecommunications and Energy (MDTE). In recent years, there has been significant legislative and regulatory activity to restructure the utility industry in order to introduce greater competition in the supply and sale of electricity and gas, while continuing to regulate the distribution operations of Unitil's utility operating subsidiaries. Unitil implemented the restructuring of its electric operations in Massachusetts in 1998 and is implementing a restructuring settlement for its New Hampshire electric operations on May 1, 2003.

Massachusetts Electric Operations Restructuring - Beginning March 1, 1998, FG&E implemented its Restructuring Plan under the Massachusetts Restructuring Act. FG&E completed the divestiture of its entire regulated power supply business in 2000 in accordance with the Restructuring Plan. All FG&E distribution customers must pay a transition charge that provides for the recovery of costs associated with FG&E's power portfolio which were stranded as a result of the divestiture of those assets. The plant and Regulatory Asset balances that will be recovered through the transition charge have been approved by the MDTE as part of FG&E's annual Reconciliation Filings. The Restructuring Act also requires FG&E to obtain power for retail customers who choose not to buy energy from a competitive supplier through either Standard Offer Service (SOS) or Default Service. FG&E must provide SOS through February 2005 at rate levels which guarantee rate reductions required by the Restructuring Act. New distribution customers and customers no longer eligible for SOS are eligible to receive Default Service at prices set periodically based on market solicitations as approved by regulators. As of December 31, 2002, competitive suppliers were serving approximately 20% of FG&E's load, mainly for large industrial customers.

As a result of the restructuring and divestiture of FG&E's entire generation and purchased power portfolio, FG&E has accelerated the amortization of its stranded electric generation assets and its abandoned investment in Seabrook Station, a nuclear generating unit. FG&E earns an authorized rate of return on the unamortized balance of these Regulatory Assets. In addition, as a result of the rate reduction and rate cap requirements of the Restructuring Act, FG&E has been authorized to defer the recovery of a portion of its transition costs and SOS costs. These unrecovered amounts are also recorded as Regulatory Assets and earn authorized carrying charges until their subsequent recovery in future periods. In 2002, Unitil's earnings derived from these generation-related Regulatory Assets, including carrying charges earned on deferred transition costs and SOS costs, represented approximately 10% of net income. The value of FG&E's Regulatory Assets is approximately $128 million at December 31, 2002, and is expected to be amortized and recovered over the next three to nine years. Earnings from this segment of FG&E's utility business will continue to decline and ultimately cease.

FG&E made a total of four Reconciliation Filings in 1999, 2000, 2001 and 2002. Rate adjustments were approved in each Filing for effect during the subsequent year, subject to further investigation. In October 2001, the MDTE issued a final Order on FG&E's 1999 Reconciliation Filing which determined the final treatment of Regulatory Assets attributable to stranded generation costs, purchased power costs, and related expenses for the 1999, and future, Reconciliation Filings. FG&E's 2001 Reconciliation Filing, submitted on December 2, 2001, recast its rates from 1998 through 2001 in compliance with the MDTE's final Order on its 1999 filing. On October 15, 2002, the MDTE issued an Order approving a settlement agreement regarding the Company's 2001 filing. Under the approved settlement, FG&E agreed to reduce the carrying charge on deferred transition costs that will be

recovered from customers in future years. This change does not affect current electric rates, but will reduce the total amount of transition costs, including carrying costs, in future years. The MDTE's October 2002 Order and associated settlement resolve many of the issues which otherwise might have been contested in future FG&E Reconciliation Filings.

FG&E submitted its 2002 Reconciliation Filing on December 20, 2002. Rate adjustments were approved for effect on January 1, 2003, subject to investigation, resulting in a rate reduction of approximately 4.4% for residential SOS customers. The reduction is due to a decrease in the SOS fuel adjustment, which is not subject to the rate cap, and does not affect net income.

Massachusetts Gas Operations Restructuring - Following a three year state-wide collaborative process on the unbundling, or separation, of discrete services offered by natural gas local distribution companies (LDCs), the MDTE approved regulations and tariffs for FG&E and other LDCs to provide full customer choice effective November 1, 2000. The MDTE ruled that LDCs would continue to have an obligation to provide gas supply and delivery services for a five-year transition period, with a review after three years. This review is expected to be initiated in late 2003. The MDTE also required mandatory assignment of LDCs' pipeline capacity to competitive marketers supplying customers during the transition period. This mandatory capacity assignment protects LDCs from exposure to certain stranded gas supply costs during the transition period.

New Hampshire Restructuring - On January 25, 2002, the Company's New Hampshire electric utility subsidiaries, CECo, E&H and Unitil Power, filed a comprehensive restructuring proposal with the New Hampshire Public Utilities Commission (NHPUC). This proposal included the introduction of customer choice consistent with New Hampshire's electric utility industry restructuring law, the divestiture of Unitil Power's power supply portfolio, the recovery of stranded costs, the merger of CECo and E&H into one distribution company and new distribution rates for the combined company. On October 25, 2002, the NHPUC approved a multi-party settlement on all major issues in the proceeding, including stranded cost recovery for purchased power contracts. At December 31, 2002, the Company estimated a range for these divestiture obligations and recoverable stranded costs and recorded $94.5 million as Power Supply Buyout Obligations and Regulatory Assets at December 31, 2002.

Under Unitil's restructuring plan, Unitil agreed to divest its existing power supply portfolio and conduct a solicitation for new power supplies from which to meet UES' ongoing Transition and Default Service obligations in 2003. On February 26, 2003, Unitil filed for final NHPUC approval of the Agreement among Unitil Power, UES and Mirant discussed above under the heading "March 14, 2003 NHPUC Oder," including final tariffs for UES for stranded cost recovery and Transition and Default Service. On March 14, 2003 the NHPUC approved the Agreement. The Agreement and Order of the NHPUC provide for stranded cost recovery in the amount of $108.7 million over a recovery period of eight years. The NHPUC Order is subject to a 30 day appeal period.

Unitil's restructuring plan is also designed to resolve the pending litigation on this matter. In June 1997, Unitil and other New Hampshire utilities intervened as plaintiffs in a suit filed in U.S. District Court by Northeast Utilities' affiliate Public Service Company of New Hampshire for protection from the NHPUC's Final Plan to restructure the New Hampshire electric utility industry. Although the NHPUC found that CECo and E&H were entitled to full interim stranded cost recovery, the NHPUC also made certain legal rulings, that, if implemented, could affect UES's long-term ability to recover all of its stranded costs. The Unitil Settlement, approved in October 2002, otherwise resolves all of the issues in the federal court action. Upon the expiration of all periods of appeal with respect to the regulatory approvals for Unitil's New Hampshire restructuring, UES will implement retail choice and Unitil will withdraw its intervention in this federal court action, with prejudice. Unitil expects customer choice to be implemented on May 1, 2003.

Wholesale Power Market Restructuring - Unitil has also been a participant in the restructuring of the wholesale power market and transmission system in New England, which is subject to FERC jurisdiction. New wholesale markets structured pursuant to FERC's Standard Market Design are expected to be implemented in the New England Power Pool during the first half of 2003 under the general supervision of an Independent System Operator (ISO) and the regulatory oversight of the FERC.

Rate Proceedings - Prior to 2002, the last formal regulatory filings initiated by the Company to increase base rates for Unitil's retail electric operating subsidiaries occurred in 1985 for CECo, 1984 for FG&E, and 1981 for E&H. The last distribution base rate increase request for FG&E's retail gas operations occurred in 1998. In 2001, FG&E's electric base rates were investigated by the MDTE, which resulted in an electric base rate decrease. A majority of the Company's electric and gas operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, energy efficiency, and restructuring-related cost

recovery mechanisms. Industry restructuring will continue to change the methods of how certain costs are recovered through the Company's regulated rates and tariffs.

On the gas side, FG&E continues to provide a multi-year refund through its Cost of Gas Adjustment Clause in compliance with the MDTE's May 2001 Order finding that FG&E had over-collected fuel inventory finance charges. At December 31, 2002, the unamortized balance of this refund was $1.3 million. FG&E believes a refund is not justified or warranted and has appealed the MDTE's ruling to the Massachusetts Supreme Judicial Court (SJC). On a preliminary motion, a single justice of the SJC declined to stay the MDTE's Order based on a finding that refunds made by FG&E may be recouped if FG&E prevails on the merits of its claims. The review of the MDTE Order by the SJC is pending.

On October 25, 2002, as part of the electric restructuring settlement for Unitil's New Hampshire utility operations described above, the Company received approval from the NHPUC for an increase of approximately $2.0 million in annual distribution revenues for UES, effective December 1, 2002.

On December 2, 2002, the MDTE issued an Order resulting in distribution rate increases of $2.0 million for FG&E's electric operations and $3.0 million for FG&E's gas operations. Increases for rising gas costs were incorporated into the final gas rates. FG&E's new rates became effective on December 2, 2002.

On April 16, 2002, FG&E filed Performance Based Regulation (PBR) Plans with the MDTE for both electric and gas operations. PBR is a method of setting regulated distribution rates that provides incentives to control costs while maintaining a high level of service quality. Under PBR, a company's earnings are tied to performance targets, and penalties can be imposed for deterioration of service quality. FG&E's PBR Plans were filed in conjunction with FG&E's distribution rate filings, consistent with MDTE policy to implement PBR in the context of base rate cases. The MDTE did not initiate investigations of the filings. On January 6, 2003, the MDTE issued Orders closing the cases. Accordingly, FG&E's PBR plans have no scheduled date of implementation, and conventional cost-based regulation continues to apply.

In December 2002, FG&E and UES filed requests with their respective state regulatory commissions for approval of an accounting Order to mitigate certain accounting requirements related to pension plan assets, which have been triggered by the substantial decline in the capital markets. These requests were granted by the respective state regulatory commissions in December 2002. These approvals allow FG&E and UES to treat the additional minimum pension liability and Prepaid Pension Costs as Regulatory Assets and avoid the reduction in equity that would otherwise be required. These regulatory Orders do not pre-approve the amount of pension expense to be recovered in future rates. Such recovery will be subject to review and approval in future rate proceedings. Based on these approvals, Unitil has included the amount of the additional minimum pension liabilities and Prepaid Pension Costs of $12.0 million in Regulatory Assets on its balance sheet.

ELECTRIC POWER SUPPLY

FG&E distributes electricity in the north central area of Massachusetts. UES distributes electricity in the central and seacoast regions of New Hampshire. FG&E contracts directly for its electric supply with various wholesale suppliers. UES contracts for all of its needs from its affiliate Unitil Power, which has acquired a portfolio of power contracts from other wholesale suppliers. Following retail choice restructuring in 2003, UES will contract directly with wholesale suppliers to meet the needs of its customers. The wholesale power markets are conducted under the auspices of the New England Power Pool (NEPOOL).

FG&E, Unitil Power, and UES are members of NEPOOL. NEPOOL was formed in 1971 to assure reliable operation of the bulk power system in the most economic manner for the region. Under the NEPOOL Agreement and the Open Access Transmission Tariff (OATT), to which virtually all New England electric utilities are parties, substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. NEPOOL is governed by an agreement that is filed with the FERC and its provisions are subject to continuing FERC jurisdiction. The NEPOOL Agreement and the OATT imposes generating capacity and reserve obligations, provides for the use of major transmission facilities and payments associated therewith. The most notable benefits of NEPOOL are coordinated power system operation in a reliable manner and a supportive business environment for the development of a competitive electric marketplace.

There are ongoing legislative and regulatory initiatives that are primarily focused on the deregulation of the generation and supply of electricity and the corresponding development of a competitive market place from which

customers could choose their electric energy supplier. As a result, the NEPOOL Agreement continues to be restructured. NEPOOL's membership provisions have been broadened to cover all entities engaged in the electricity business in New England, including power marketers and brokers, independent power producers, load aggregators and retail customers in states that have enacted retail access statutes. The regional bulk power system is operated by an independent corporate entity, ISO New England (ISO-NE), so that there is no opportunity for conflicting financial interests between the system operator and the market-driven participants. Various energy and capacity products are traded in open, competitive markets, with transmission access and pricing subject to a regional OATT designed to promote competition among power suppliers. On May 1, 1999, ISO-NE began dispatching generating units using a bid-based system and implemented bid-based markets for reserve products and automatic generation control. On March 1, 2003, ISO-NE implemented a Standard Market Design (SMD) that is intended to improve the ability to trade power between New England and other regions throughout the northeast.

Energy Resources - Since April 1, 1998, each electric utility is required to carry an allocated share of the NEPOOL capability responsibility under the NEPOOL Agreement. These capacity requirements are determined each month based on regional reliability criteria. Unitil Power, the full requirements supplier to UES, had an annual peak capability responsibility in November 2002 of 309.33 MW and a corresponding monthly peak demand of 220.02 MW. Beginning December 1, 2000, FG&E no longer had a direct capability responsibility because it's Standard Offer Service supplier, Constellation Power Source, and its periodic Default Service supplier are responsible for the capability responsibility under the respective contracts. Effective December 1, 2000, FG&E began serving Default Service load through six-month contracts wherein the Default Service supplier had the load serving obligation, thus at the end of 2000, FG&E had no direct capability responsibility. Under MDTE regulations, FG&E has continued to procure Default Service through a bid process every six months.

To meet the needs of UES, Unitil Power has contracted for generating capacity and energy and for associated transmission services as needed to meet NEPOOL requirements and to provide a diverse and economical energy supply. Unitil Power's purchases are from various utility and non-utility generating units using a variety of fuels and from several utility systems in the U.S. and Canada as well as purchases in the spot market. For the twelve months ended December 31,2002, Unitil Power's energy needs were provided by the following fuel sources: nuclear (10%), oil (6%), gas (8%), coal (5%), refuse (4%), and system (67%).

On March 14, 2003 the New Hampshire Public Utilities Commission (NHPUC) approved the agreement between Unitil Power, UES and Mirant Americas Energy Marketing, LP. (Mirant), which was entered into on February 25, 2003, under which Mirant will purchase the entitlements to Unitil Power's Supply portfolio and provide Transition and Default Service to the customers of UES. The final amount of Unitil Power's recoverable stranded costs, calculated on the basis of the amounts agreed to be paid by the parties under such Agreement for the Unitil Power power supply portfolio, was determined to be $108.7 million, with a recovery period of 8 years. As of December 31, 2002, the Company had estimated a range for these recoverable stranded costs and accordingly recorded on its balance sheet as of that date $94.5 million as Power Supply Buyout Obligations and Regulatory Assets. The approval of the Agreement by the NHPUC is subject to an appeal period of 30 days. The NHPUC Order completes the state approval process for Unitil's restructuring plan under which UES will implement customer choice for its customers on May 1, 2003.

Under Unitil's approved restructuring plan, Unitil agreed to divest its existing power supply portfolio and conduct a solicitation for new power supplies from which to meet UES' ongoing Transition and Default Service energy obligations. On February 26, 2003, Unitil filed for final NHPUC approval of the executed agreements resulting from these divestiture and solicitation processes, including final tariffs for UES for stranded cost recovery and Transition and Default Services. The filing proposed a recovery period of eight years for stranded costs.

On January 25, 2002, the Company's New Hampshire electric utility subsidiaries, CECo, E&H and Unitil Power, filed a comprehensive restructuring proposal with the New Hampshire Public Utilities Commission (NHPUC). This proposal included the introduction of customer choice consistent with New Hampshire's electric utility industry restructuring law, the divestiture of Unitil Power's power supply portfolio, the recovery of stranded costs, the merger of CECo and E&H into one distribution company and new distribution rates for the combined company. On October 25, 2002, the NHPUC approved a multi-party settlement on all major issues in the proceeding, including stranded cost recovery for purchased power contracts. At December 31, 2002, the Company estimated these divestiture obligations and recoverable stranded costs and recorded $94.5 million as Power Supply Buyout Obligations and Regulatory Assets at December 31, 2002.

In 2002, FG&E met its capacity requirements through an all requirements Standard Offer contract with Constellation Power Source, and several all requirements Default Service contracts. FG&E's power supply portfolio, including the joint ownership generation output, was sold to Select Energy, Inc. effective February 1, 2000 as part of the power supply restructuring plan approved by the MDTE. For the twelve months ended December 31, 2002, FG&E's energy needs were supplied by system power from the Standard Offer and Default contracts.

Fuel - Oil: Approximately 6% of Unitil Power's electric power in 2002 was provided by oil-fired units. Most fuel oil used by New England electric utilities is acquired from foreign sources and is subject to interruption and price increases by foreign governments.

Coal: Approximately 5% of Unitil Power's 2002 requirements were from coal-burning facilities. The facilities generally purchase their coal under long-term supply agreements with prices tied to economic indices. Although coal is stored both on-site and by fuel suppliers, long-term interruptions of coal supply may result in limitations in the production of power or fuel switching to oil and thus result in higher energy prices.

Pursuant to the Nuclear Waste Policy Act of 1982, the participants in Millstone Nuclear Generating Station Unit No. 3 (Millstone 3) were required to enter into contracts with the United States Department of Energy, prior to the operation of that Unit, for the transport and disposal of spent fuel at a nuclear waste repository. FG&E cannot predict whether the Federal government will be able to provide storage or permanent disposal repositories for spent fuel. FG&E's Millstone 3 ownership interest was sold in March 2001. The sales agreement and a separate settlement agreement with Northeast Utilities indemnifies FG&E from continuing liability associated with environmental, decommissioning and waste disposal associated with its former Millstone 3 ownership.

GAS SUPPLY

FG&E distributes gas purchased from domestic and Canadian suppliers under long-term contracts as well as gas purchased from producers and marketers on the spot market. The following tables summarize actual gas purchases by source of supply and the cost of gas sold for the years 2000 through 2002.

Sources of Gas Supply
(Expressed as percent of total MMBtu of gas purchased)

Natural Gas:	2002	2001	2000
Domestic firm	73.9%	76.2%	78.6%
Canadian firm	8.4%	8.0%	6.3%
Domestic spot market	16.2%	14.5%	13.2%
Total natural gas	98.5%	98.7%	98.1%
Supplemental gas	1.5%	1.3%	1.9%
Total gas purchases	100.0%	100.0%	100.0%

Cost of Gas Sold

	2002	2001	2000
Cost of gas purchased and sold per MMBtu	$ 4.49	$ 6.49	$ 5.19
Percent Increase (Decrease) from prior year	(30.76%)	24.99%	52.01%

As a supplement to pipeline natural gas, FG&E owns a propane air gas plant and a liquefied natural gas (LNG) storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are subject to extensive federal and state environmental regulations.

Sawyer Passway MGP Site - The Company continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. FG&E proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection (DEP), which allows the Company to work towards temporary remediation of the site. Work performed in 2002 was associated with the five-year review of the Temporary Solution submittal (Class C Response Action Outcome) under the Massachusetts Contingency Plan that was filed for the site in 1997. Completion of this work has confirmed the Temporary Solution status of the site for an additional five years. A status of temporary closure requires FG&E to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Since 1991, FG&E has recovered the environmental response costs incurred at this former MGP site pursuant to a MDTE approved Settlement Agreement (Agreement). The Agreement allows FG&E to amortize and recover from gas customers over succeeding seven-year periods the environmental response costs incurred each year. Environmental response costs are defined to include liabilities related to manufactured gas sites, waste disposal sites or other sites onto which hazardous material may have migrated as a result of the operation or decommissioning of Massachusetts gas manufacturing facilities from 1882 through 1978. In addition, any recovery that FG&E receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between FG&E and its gas customers. The total annual charge for such costs assessed to gas customers cannot exceed five percent of FG&E's total revenue for firm gas sales during the preceding year. Costs in excess of five percent will be deferred for recovery in subsequent years.

Former Electric Generating Station - The Company is remediating environmental conditions at a former electric generating station located at Sawyer Passway, which FG&E sold to WRW, a general partnership, in 1983. Rockware International Corporation (Rockware), an affiliate of WRW, acquired rights to the electric equipment in the building and intended to remove, recondition and sell this equipment. During 1985, Rockware demolished several exterior walls of the generating station in order to facilitate removal of certain equipment. The demolition of the walls and the removal of generating equipment resulted in damage to asbestos-containing insulation materials inside the building, which had been intact and encapsulated at the time of the sale of the structure to WRW.

When Rockware and WRW encountered financial difficulties and failed to respond adequately to Orders of the environmental regulators to remedy the situation, FG&E agreed to take steps at that time and obtained DEP approval to temporarily enclose, secure and stabilize the facility. Based on that approval, between September and December 1989, contractors retained by FG&E stabilized the facility and secured the building. This work did not permanently resolve the asbestos problems caused by Rockware, but was deemed sufficient for the then foreseeable future.

Due to the continuing deterioration of this former electric generating station and Rockware's continued lack of performance, FG&E, in concert with the DEP and the U.S. Environmental Protection Agency (EPA), conducted further testing and survey work during 2001 to ascertain the environmental status of the building. Those surveys revealed continued deterioration of the asbestos-containing insulation materials in the building.

By letter dated May 1, 2002, the EPA notified FG&E that it was a Potentially Responsible Party for planned remedial activities at the site and invited FG&E to perform or finance such activities. FG&E and the EPA have entered into an Agreement of Consent, whereby FG&E, without an admission of liability, will conduct environmental remedial action to abate and remove asbestos-containing and other hazardous materials. FG&E has awarded contracts for all aspects of the abatement work, which is presently ongoing. FG&E received significant coverage from its insurance carrier. The Company believes that these funds will be sufficient to complete this remediation and that resolution of this matter will not have a material adverse impact on the Company's financial position.

The Company has recorded the estimated cost of the remediation action in Current Liabilities and an offsetting asset reflecting insurance proceeds in Current Assets. At the balance sheet date, net of amounts expended in 2002, the remaining project cost was $3.7 million.

EMPLOYEES

As of December 31, 2002, the Company and its subsidiaries had 316 full-time and part-time employees. The Company considers its relationship with its employees to be good and has not experienced any major labor disruptions since the early 1960's.

There are approximately 100 employees represented by labor unions. In 2000, E&H reached a new five-year pact with its employees covered by a collective bargaining agreement, which will expire effective May 31, 2005. In 2000, CECo reached a new five-year pact with its employees covered by a collective bargaining agreement, which will expire effective May 31, 2005. In 2000, FG&E reached a five-year pact with its employees covered by collective bargaining agreements, which will expire effective May 31, 2005. The agreements provided for discreet salary adjustments, established work practices and provided uniform benefit packages. The Company expects to successfully negotiate new agreements prior to the expiration dates of these contracts.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and positions of all of the executive officers of the Company as of March 1, 2003 are listed below, along with a brief account of their business experience during the past five years. All officers are elected annually by the Board of Directors at the Directors' first meeting following the annual meeting, which is held on the third Thursday in April, or at a special meeting held in lieu thereof. There are no family relationships among these officers, nor is there any arrangement or understanding between any officer and any other person pursuant to which the officer was elected. Officers of the Company also hold various Director and Officer positions with subsidiary companies.

Name, Age and Position	Business Experience During Past 5 years
Robert G. Schoenberger, 52, Chairman of the Board of Directors and Chief Executive Officer	Mr. Schoenberger has been Chairman of the Board and Chief Executive Officer of Unitil since 1997. Prior to his employment with Unitil, Mr. Schoenberger was President and Chief Operating Officer at New York Power Authority (NYPA) from 1993 until 1997.
Michael J. Dalton, 62*, President and Chief Operating Officer	Mr. Dalton has been a Director, President and Chief Operating Officer of the Company since its incorporation in 1984.
Mark H. Collin, 44, Senior Vice President and Chief Financial Officer	Mr. Collin was appointed Senior Vice President and Chief Financial Officer of Unitil in February 2003. Mr. Collin has been Treasurer of Unitil since January 1998. Mr. Collin has been Treasurer of Unitil's principal subsidiaries and Vice President of Unitil Service Corp. since 1992.
George R. Gantz, 51 Senior Vice President - Customer Services and Communications	Mr. Gantz has been Senior Vice President of Unitil Service since 1994.

* Mr. Dalton has submitted his resignation from the Company, effective April 1, 2003.

Item 2. Properties

UES maintains Distribution Operations Centers in the city of Concord and the town of Kensington. These properties are owned by UES in fee. UES's thirty electric distribution substations, including a 5,000 kVA mobile substation, constitute 214,270 kVA of capacity for the transformation of electric energy from the 34.5 kV subtransmission voltage to other primary distribution voltage levels. The electric substations are, with one exception, located on land owned by UES in fee. The sole exception is located on land occupied pursuant to a perpetual easement.

UES has a total of approximately 1,535 pole miles of overhead electric distribution lines and a total of approximately 194 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by UES without objection by the owners. In the case of certain distribution lines, UES owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone and telegraph companies.

Additionally, UES owns in fee 137.7 acres of land located on the east bank of the Merrimack River in the City of Concord. Of the total acreage, 81.2 acres are located within an industrial park zone, as specified in the zoning ordinances of the City of Concord.

The physical properties of UES (with certain exceptions) and its franchises are subject to the lien of its Indenture of Mortgage and Deed of Trust under which the respective series of First Mortgage Bonds of UES are outstanding.

FG&E owns a liquid propane gas plant and a liquid natural gas plant, both of which are located on land owned in fee. FG&E is participating, on a tenancy-in-common basis with other New England utilities, in the ownership of the Wyman 4 generating unit. In accordance with Massachusetts Electric Restructuring Law, and pursuant to the power supply divestiture discussed in Note 10 of the Financial Statements, FG&E began selling the output from its electric contracts and generation units on February 1, 2000. As of December 31, 2002, the electric properties of the Company consisted principally of 62 miles of transmission lines, 480.8 miles of distribution lines, 14 distinct transmission and distribution substations, and two mobile substations totaling 18.75 MVA. The in-service and spare capacity of these substations totals 561,900 kVA. Electric transmission facilities (including substations) and steel, cast iron and plastic gas mains owned by the Company are, with minor exceptions, located on land owned by the Company in fee or occupied pursuant to perpetual easements. The Company leases its service building.

Unitil Realty owns the Company's corporate headquarters building and 12 acres of land in fee, which is located in the town of Hampton, New Hampshire. The Company believes that its facilities are currently adequate for its intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. In the opinion of the Company's management, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters

The Registrant's Common Stock is traded on the American Stock Exchange. As of December 31, 2002, there were 1,932 Common Shareholders of record.

Common Stock Data

Dividends per Common Share	2002	2001
1st Quarter	$ 0.345	$ 0.345
2nd Quarter	0.345	0.345
3rd Quarter	0.345	0.345
4th Quarter	0.345	0.345
Total for Year	$ 1.38	$ 1.38

	2002		2001	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	26.80	22.82	27.00	24.90
2nd Quarter	31.40	26.10	27.50	24.75
3rd Quarter	29.22	25.31	25.45	23.00
4th Quarter	26.99	24.80	25.15	22.95

Information regarding Securities Authorized for Issuance Under Equity Compensation Plans is set forth on pages 15 through 16 of the 2002 Proxy Statement as filed with the Securities and Exchange Commission on March 12, 2003.

Item 6. Selected Financial Data

	2002	2001	2000	1999	1998
Consolidated Statements of Earnings (000's)					
Operating Income	$13,248	$14,394	$14,280	$15,408	$15,306
(Gain) Loss on Non-Utility Investments, net of tax	(82)	2,400	----	----	----
Other Non-operating Expense	185	170	244	51	156
Income Before Interest Expense and Extraordinary Item	13,145	11,824	14,036	15,357	15,150
Interest Expense, net	7,057	6,797	6,820	6,919	6,901
Income before Extraordinary Item	6,088	5,027	7,216	8,438	8,249
Extraordinary Item, net of tax	---	3,937	----	----	----
Net Income	6,088	1,090	7,216	8,438	8,249
Dividends on Preferred Stock	253	257	263	268	274
Earnings Applicable to Common Shareholders	5,835	$833	$6,953	$8,170	$7,975
Balance Sheet Data (000's)					
Utility Plant (Original Cost)	$271,179	$255,498	$238,023	$219,838	$209,462
Total Assets	$480,783	$376,762	$382,967	$363,527	$376,835
Capitalization:					
Common Stock Equity	$74,350	$74,746	$79,935	$78,675	$75,351
Preferred Stock	3,322	3,609	3,690	3,757	3,843
Long-Term Debt	104,226	107,470	81,695	86,157	75,222
Total Capitalization	$181,898	$185,825	$165,320	$168,589	$154,416
Short-term Debt	$35,990	$13,800	$32,500	$10,500	$20,000
Capital Structure Ratios:					
Common Stock Equity	34%	37%	40%	44%	43%
Preferred Stock	2%	2%	2%	2%	2%
Long-Term Debt	48%	54%	41%	48%	43%
Short-Term Debt	16%	7%	17%	6%	12%
Earnings Per-Share Data					
Basic Earnings Per Average Share	$1.23	$0.18	$1.47	$1.74	$1.77
Diluted Earnings Per Average Share	$1.23	$0.18	$1.47	$1.74	$1.72
Common Stock Data					
Shares of Common Stock (Year-End) (000's)	4,744	4,744	4,735	4,712	4,575
Shares of Common Stock (Average) (000's)	4,744	4,744	4,723	4,682	4,506
Dividends Paid Per Share (Year-End)	$1.38	$1.38	$1.38	$1.38	$1.36
Book Value Per Share (Year-End)	$15.67	$15.76	$16.88	$16.70	$16.47
Electric and Gas Statistics					
Electric Distribution Sales (000's of kWh)	1,659,136	1,596,390	1,587,536	1,608,824	1,540,968
Electric Customers (Year-End)	96,985	95,116	94,050	92,505	91,729
Firm Gas Distribution Sales (000's of Therms)	22,480	23,067	23,992	22,136	22,027
Gas Customers (Year-End)	14,911	14,879	14,796	14,928	14,915

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Unitil Corporation (Unitil or the Company) is nearing the completion of an unprecedented restructuring process brought about by the deregulation of the natural gas and electric industries in New Hampshire and Massachusetts. As a result, by the middle of 2003, the Company expects to have divested its entire generation and power supply portfolio, thus transforming the Company's vertically integrated utility operations into principally a pipes-and-wires business providing gas and electric delivery services. In the process, Unitil's distribution subsidiaries secured regulatory approval for the recovery of approximately a quarter billion dollars for all power supply related stranded costs, implemented comprehensive customer and financial information systems to accommodate the transition to competitive energy markets, and adjusted all utility delivery rates to reflect the overall cost of service as a restructured gas and electric energy delivery company.

During this restructuring process, management's focus has been to ensure fair and reasonable treatment of the investments made to meet the needs of Unitil's customers, while at the same time making sure that the Company is properly structured from both a financial and an operational perspective to continue to provide high-quality and competitively priced electric and gas delivery services.

Highlights of Year 2002:

|_| On January 25, 2002, the Company's New Hampshire electric utility subsidiaries Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and Unitil Power Corp. (Unitil Power) filed a comprehensive electric restructuring proposal with the New Hampshire Public Utilities Commission (NHPUC). This proposal included the introduction of customer choice, the divestiture of Unitil Power's power supply portfolio, the recovery of stranded costs, the combination of CECo and E&H into a single electric distribution utility, and new distribution rates for the combined entity. On October 25, 2002, the NHPUC approved a multi-party settlement on all the major issues in the proceeding.

A key result of the New Hampshire restructuring settlement was the formation of Unitil Energy Systems, Inc. (UES) on December 2, 2002. UES is the New Hampshire distribution electric utility formed by the combination of CECo and E&H, and is a wholly-owned subsidiary of Unitil.

UES received an increase of approximately $2.0 million in annual distribution revenue to cover current operating costs, depreciation and amortization, and investments in utility plant. These rates became effective December 1, 2002.

|_| On May 17, 2002, the Company's Massachusetts distribution utility subsidiary, Fitchburg Gas and Electric Light Company (FG&E), filed revised rates with the Massachusetts Department of Telecommunications and Energy (MDTE) designed to increase annual base distribution revenues for both electric and gas operations to cover increases in operating expenses, depreciation and the cost of invested capital. On December 2, 2002, the MDTE authorized base rate changes to increase annual distribution revenues by $2.0 million for electric operations and $3.0 million for gas operations. In addition, increases for rising gas supply costs were incorporated into the final gas rates, effective December 2, 2002.

|_| On October 15, 2002, the MDTE issued an Order approving a settlement agreement that resolved and secured the recovery of FG&E's restructuring-related stranded costs. The settlement resolves issues concerning FG&E's compliance with the Massachusetts Electric Restructuring Act of 1997 and related MDTE Orders. Under the settlement, FG&E agreed to reduce the carrying charge on deferred transition costs and to pass along the benefit of lower interest costs to customers.

|_| Unitil eliminated a major environmental liability associated with a former electric generating station in Fitchburg, Massachusetts. Under a consent Order voluntarily initiated by Unitil with the U.S. Environmental Protection Agency (EPA), a remedial project to clean up and remove asbestos and related hazardous materials from a building formerly owned by the Company is underway. Site remediation is expected to be completed at the end of 2003. Funds from an insurance settlement related to this issue are believed to be sufficient to complete the remediation work, such that this matter will not have a material effect on the Company's financial position.

|_| In December 2002, FG&E and UES received regulatory approval to account for certain pension obligations as regulatory assets, avoiding a reduction in equity that would have been triggered by the substantial decline in the capital markets. These regulatory Orders do not pre-approve the amount of pension expense to be recovered in future rates. Such recovery will be subject to review and approval in future rate proceedings.

|_| Unitil's non-regulated business, Usource, nearly doubled its revenues in 2002, as its electric and gas energy brokerage business continues to expand into new regions where large commercial and industrial customers are able to choose their energy suppliers.

|_| In December 2002, Unitil committed to a formal management transition and reorganization plan to streamline its management structure and to improve efficiency to meet ongoing business requirements. The Company estimates this reorganization will result in an annual cash savings of approximately $2.3 million in operating expenses and construction project overheads in future periods.

Earnings per Share	2002	2001	2000
Earnings per Share	$ 1.23	$ 0.18	$ 1.47
Non-recurring Items, net of tax:			
Restructuring Charge	(0.20)	---	---
Investment Write-down	---	(0.50)	---
Extraordinary Item	---	(0.83)	---
Earnings Before Non-recurring Items	$ 1.43	$ 1.51	$ 1.47

Earnings in 2002 were $5.8 million, or $1.23 per common share on a diluted basis, compared to $0.8 million, or $0.18 in 2001. Results for both years included significant non-recurring charges that affected earnings.

In the fourth quarter of 2002, Unitil recorded a non-recurring Restructuring Charge of $1.6 million, or ($0.20) per share, associated with the reorganization and reduction of 19 management and administrative positions. The Company estimates that the result of this management restructuring process will be an annual cash savings in future periods of approximately $2.3 million in operating expenses and construction project overheads.

In 2001, as a result of industry restructuring-related regulatory Orders, Unitil recognized an Extraordinary Item to reduce Regulatory Assets by $3.9 million after tax, or ($0.83) per share. Unitil also recorded an Investment Write-down of $2.4 million after-tax, or ($0.50) per share, to recognize a decrease in the fair value of a non-utility energy technology investment. Unitil subsequently sold its remaining interest in this non-utility investment in 2002 and realized $1.5 million in cash. As a result of this sale, the Company will also realize approximately $1.3 million in current tax refunds from the carryback of this capital loss. This sale transaction did not have a material impact on Unitil's 2002 operating results.

Excluding the effect of these 2002 and 2001 non-recurring items, comparable earnings per share were $1.43 in 2002 and $1.51 in 2001. This decrease in earnings was mainly the result of increases in certain operating expenses, including higher pension and health care costs, higher depreciation expense associated with increased investments in Utility Plant, and accelerated amortization of certain Regulatory Assets. These impacts were partially offset by higher distribution base revenues.

A year-to-year comparison of Unitil's financial condition, changes in financial condition and results of operations for the three-year period 2000 through 2002 follows.

RESULTS OF OPERATIONS

Operating Revenue -- Electric

Kilowatt-hour Sales - Unitil's total electric kilowatt-hour (kWh) sales increased by 3.9% in 2002 compared to 2001. This increase reflects growth in sales to residential and commercial and industrial customer classes driven by hotter-than-normal summer weather.

Sales to residential customers increased by 3.9% in 2002 compared to 2001. The increase in energy sales reflects an increase in the number of residential customers as well as higher usage per customer, due to weather. Commercial and industrial sales of electricity also increased by 3.9% in 2002 compared to 2001. In addition, warmer summer weather in 2002 as compared to 2001 contributed to the increase in energy sales.

Unitil's total electric kWh sales increased by 0.6% in 2001 compared to 2000. This increase reflected growth in sales to residential and commercial customer classes, offset by reductions in kWh sales to industrial customers, due to the impact of the general economic downturn experienced in 2001.

The following table details total kWh sales for the last three years by major customer class:

kWh Sales (000's)

	2002	2001	2000
Residential	619,756	596,378	576,524
Commercial/Industrial	1,039,380	1,000,012	1,011,012
Total	1,659,136	1,596,390	1,587,536

Electric Operating Revenue - Electric Operating Revenue decreased by $16.5 million, or 9.0%, in 2002 compared to 2001. This decrease in revenue is the result of a reduction in wholesale commodity fuel prices overall and lower distribution rates in the Massachusetts service territory, offset by the increase in kWh sales. The energy component of Electric Operating Revenue represents the recovery of energy supply costs, which are collected from customers through periodic cost recovery adjustment mechanisms. Changes in energy supply revenues do not affect net income, as they normally mirror corresponding changes in energy supply costs.

In 2001, Electric Operating Revenue increased by $23.8 million, or 14.8%, as compared to 2000. This increase in revenue was the result of increased wholesale commodity fuel prices.

The following table details total Electric Operating Revenue for the last three years by major customer class:

Electric Operating Revenue (000's)

	2002	2001	2000
Residential	$ 65,746	$ 71,960	$ 61,506
Commercial/Industrial	101,571	111,820	98,517
Total	$ 167,317	$ 183,780	$ 160,023

Operating Revenues - Gas

Therm Sales - Total firm therm sales decreased 2.5% in 2002 compared to 2001, due to a warmer winter in early 2002 and the impact of the general economic downturn, partially offset by colder weather in the latter stages of 2002 compared to the prior year.

In 2001, total firm therm sales decreased 3.9% compared to 2000, primarily due to a warmer winter compared to the prior year and the impact of the general economic downturn.

The following table details total firm therm sales for the last three years, by major customer class:

Firm Therm Sales (000's)

	2002	2001	2000
Residential	11,022	11,175	11,730
Commercial/Industrial	11,458	11,892	12,262
Total	22,480	23,067	23,992

Gas Operating Revenue - Gas Operating Revenue, which represents approximately 11% of Unitil's total Operating Revenues, decreased by $2.5 million, or 11.1%, in 2002 compared to 2001. This was attributable to lower unit sales and decreased wholesale gas commodity prices. The energy commodity component of Gas Operating Revenue represents the recovery of energy commodity supply costs, which are collected from customers through periodic cost recovery adjustment mechanisms. Changes in energy commodity supply revenues do not affect net income, as they normally mirror corresponding changes in energy commodity supply costs.

In 2001, total Gas Operating Revenue was flat, as compared to 2000. This was attributable to lower unit sales, offset by higher gas supply prices.

The following table details total Gas Operating Revenue for the last three years by major customer class:

Gas Operating Revenue (000's)

	2002	2001	2000
Residential	$ 10,871	$ 12,779	$ 11,540
Commercial/Industrial	8,007	9,505	8,745
Total Firm Gas Revenue	18,878	22,284	20,285
Interruptible Gas Revenue	1,405	544	2,471
Total	$ 20,283	$ 22,828	$ 22,756

Operating Revenue - Other

Total Other Revenue increased $0.4 million, or 89.9%, compared to 2001. This was the result of growth in revenues from the Company's non-regulated energy brokering business, Usource.

In 2001, total Other Revenue increased $0.3 million, compared to 2000. This was also the result of increased Usource brokerage fees.

The following table details total Other Revenue for the last three years:

Other Revenue (000's)

	2002	2001	2000
Usource	$ 756	$ 384	$ 131
Other	30	30	31
Total	$ 786	$ 414	$ 162

Operating Expenses

Fuel and Purchased Power - Fuel and Purchased Power expense is the cost of purchased power, including fuel used in electric generation and the cost of wholesale energy and capacity purchased to meet Unitil's electric energy requirements. Fuel and Purchased Power expenses, recoverable from customers through periodic cost recovery adjustment mechanisms, decreased $18.3 million, or 13.8%, in 2002 compared to 2001. The change was driven by a decrease in wholesale power prices, compared to the volatile markets and rising energy prices that the nation experienced in early 2001.

In 2001, Fuel and Purchased Power expenses increased $22.7 million, or 20.6%, compared to 2000. This change was mainly due to increased wholesale power prices.

Gas Purchased for Resale - Gas Purchased for Resale reflects gas purchased and manufactured to supply the Company's total gas energy requirements. Gas supply costs are recoverable from customers through the Cost of Gas Adjustment mechanism. Gas Purchased for Resale decreased by $2.7 million, or 19.4% in 2002 compared to 2001, reflecting a decrease in wholesale gas prices.

In 2001, Gas Purchased for Resale increased by $0.3 million, or 2.5%, compared to 2000, due to a decrease in therms purchased, offset by higher wholesale gas prices in early 2001.

Operation and Maintenance (O&M) - O&M expense includes electric and gas utility operating costs, and the operating cost of the Company's non-regulated business activities. Total O&M expense increased $0.7 million, or 2.7%, in 2002 compared to 2001, primarily due to higher employee and retiree health and pension costs.

In 2001, total O&M expense increased $0.5 million, or 1.9%, compared to 2000, mainly due to higher utility system maintenance costs.

Depreciation, Amortization and Taxes

Depreciation and Amortization - Depreciation and Amortization expense increased $2.1 million, or 16.8%, in 2002 compared to 2001, due to a higher level of Utility Plant investments and the accelerated amortization of restructuring-related Regulatory Assets.

In 2001, Depreciation and Amortization expense increased $0.8 million, or 6.7%, compared to 2000, due to a higher level of Utility Plant investments.

Federal and State Income Taxes - Federal and State Income Taxes decreased $0.9 million, or 27.2%, in 2002 compared to 2001, due to lower pre-tax operating income in 2002 and the amortization in 2002 of deferred tax liabilities related to the accelerated write-off of Regulatory Assets.

In 2001, Federal and State Income Taxes remained level compared to 2000.

Local Property and Other Taxes -Local Property and Other Taxes increased $0.1 million, or 1.4%, in 2002 compared to 2001. This increase was related to a higher level of Utility Plant and higher tax rates, partially offset by the repeal of the State of New Hampshire Utility Franchise Tax.

In 2001, Local Property and Other Taxes decreased $0.3 million, or 6.1%, compared to 2000. This decrease was related to the repeal of the State of New Hampshire Utility Franchise Tax, partially offset by higher property taxes.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. In 2002, Interest Expense, net, increased primarily due to the refinancing of lower cost short-term debt with higher cost long-term debt and additional borrowings to support the Company's capital requirements. Total interest expense was $9.3 million, $9.1 million and $8.6 million in 2002, 2001 and 2000, respectively, due to higher debt outstanding in those years. Interest income was $2.3 million, $2.3 million and $1.8 million in 2002, 2001 and 2000, respectively, reflecting higher interest earned on recoverable deferred asset balances related to industry restructuring.

Non-recurring Items

2002 Restructuring Charge - In the fourth quarter of 2002, the Company recognized a pre-tax Restructuring Charge of $1.6 million. The after-tax effect of the Restructuring Charge was a reduction of $0.20 in Earnings Per Common Share, assuming full dilution.

In December 2002, the Company undertook a strategic review of its business operations and committed to a formal transition and reorganization plan (the Reorganization Plan) to streamline its management structure, in order to improve operating efficiency and to align the organization to meet ongoing business requirements. The Reorganization Plan resulted in the elimination of 19 management and administrative positions. As a result of the elimination of these positions, and consistent with existing Company policy, certain benefits are extended to the employees whose positions were eliminated. On January 8, 2003, the Company implemented the remainder of the Reorganization Plan. The Company estimates that the result of this management restructuring process will be an annual cash savings of approximately $2.3 million in operating expenses and construction project overheads.

The $1.6 million pre-tax Restructuring Charge established a liability at December 31, 2002, to cover the disbursement of severance and employee benefits and related costs committed to under the Reorganization Plan, substantially all of which will be paid in fiscal 2003. At December 31, 2002, the Restructuring Charge of $1.6 million is included in Other Current Liabilities.

2001 Investment Write-down, net of tax - Beginning in 1998, Unitil invested $5.5 million in Enermetrix, Inc. (Enermetrix), an energy technology start-up enterprise. In accordance with Statement of Financial Accounting Standards (SFAS) No. 115 "Accounting for Certain Investments in Debt and Equity Securities," the Company recorded a non-cash charge of $3.7 million, or $2.4 million, net of tax, in the fourth quarter of 2001 to recognize the decrease in fair value of its non-utility investment in Enermetrix.

On April 11, 2002, the Company sold its equity ownership in Enermetrix for $1.5 million in cash and improved commercial terms for use of the Enermetrix Software Network. As a result of the sale, in 2002, the Company recognized the benefit of approximately $1.3 million of this capital loss as a carryback against capital gains in its 2002 tax return.

2001 Extraordinary Item, net of tax - In November 1997, the Massachusetts Legislature enacted the Massachusetts Electric Restructuring Act of 1997 (the Restructuring Act). The Restructuring Act required all electric utilities to file a restructuring plan with the MDTE by December 31, 1997. Among other things, the Restructuring Act required all Massachusetts electric utilities to sell all of their electric generation assets and to restructure their utility operations to provide direct retail access to their customers by all qualified generation suppliers.

The MDTE conditionally approved FG&E's Restructuring Plan (the Plan) in February 1998, and started an investigation and evidentiary hearings into FG&E's proposed recovery of Regulatory Assets related to stranded generation asset costs and expenses related to the formulation and implementation of its Plan. In January 1999, the MDTE approved FG&E's Plan, which included provisions for the recovery of stranded costs through a transition charge in FG&E's electric rates. In September 1999, FG&E filed its first annual reconciliation of stranded generation asset costs and expenses and associated transition charge revenues and the MDTE initiated a lengthy investigation and hearing process.

On October 18 and 19, 2001, the MDTE issued a series of regulatory Orders in several pending cases involving FG&E, including a final Order on FG&E's initial reconciliation filing. Those Orders included the review and disposition of issues related to FG&E's recovery of transition costs due to the restructuring of the electric industry in Massachusetts, as well as certain costs associated with gas industry restructuring and preparation and litigation of performance based rate proceedings initiated by the MDTE. The Orders determined the final treatment of Regulatory Assets that FG&E had sought to recover from its Massachusetts electric customers over a multi-year transition period that began in 1998.

As a result of the industry restructuring-related Orders, FG&E recorded a non-cash adjustment to Regulatory Assets of $5.3 million, which resulted in the recognition of an extraordinary charge of $3.9 million, net of taxes. The Company recognized the extraordinary charge of $0.83 per share, as of September 30, 2001.

As a result of all of these Orders, the Company has been allowed recovery of its Massachusetts industry restructuring transition costs, estimated at $150 million after reconciliation, including the above-market or

stranded generation and power supply related costs via a non-bypassable uniform transition charge. FG&E has been, and will continue to be, subject to annual MDTE investigation and review in order to reconcile the costs and revenues associated with the collection of transition charges from its customers over the next eight to ten years.

Capital Requirements and Liquidity

Unitil requires capital to fund the addition of property, plant and equipment to improve, protect, maintain and expand its electric and gas distribution systems and for working capital and other timing differences related to the collection of revenues in rates.

The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities, excluding payments of dividends. The Company supplements internally generated funds, as needed, primarily through bank borrowings under unsecured short-term bank lines. As of December 31, 2002, the Company had unsecured bank lines for short-term debt in the aggregate amount of $38 million with three banks. The amount of short-term borrowings that may be incurred by Unitil and its subsidiaries is subject to periodic approval either by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (1935 Act) or by state regulators. In 2001, the Company received SEC authorization to allow Unitil to incur total short-term borrowings up to a maximum of $45 million.

The Company periodically repays its short-term debt borrowings through the issuance of permanent long-term debt financing. The Company expects to continue to be able to satisfy its external financing needs by issuing additional short-term and long-term debt. The continued availability of these methods of financing will be dependent on many factors, including security market conditions, economic conditions, regulatory approvals and the level of the Company's income and cash flow.

In addition to the significant contractual obligations listed in the table below, the Company also provides limited guarantees on certain energy contracts entered into by its regulated subsidiary companies. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2002, there are $1.8 million of guarantees outstanding and these guarantees extend through October 15, 2004.

Significant Contractual Obligations (000's) as of December 31, 2002	Total	2003	2004-2005	2006-2007	2008 & Beyond
Long-term Debt	$ 107,469	$ 3,244	$ 3,551	$ 646	$ 100,028
Capital Lease	4,534	1,131	1,464	584	1,355
Power Supply Buyout - MA	81,526	7,276	14,758	15,202	44,290
Purchased Power Contract	99,246	12,619	30,871	26,277	29,479
Gas Supply Contract	6,653	2,123	2,284	2,002	244
Total Contractual Cash Obligations	$ 299,428	$ 26,393	$ 52,928	$ 44,711	$ 175,396

Cash Flows from Operating Activities - Cash Flows from Operating Activities decreased by $13.6 million in 2002, compared to 2001, mainly due to changes in Accrued Revenues and Accounts Receivable and Accounts Payable related to energy costs. There is an inherent ratemaking lag between the period when energy costs increase and the period when the Company collects those higher energy costs from customers. This timing difference is recorded as Accrued Revenue. During the collection lag period, as occurred in 2002, the Company's cash flow is negatively impacted and additional working capital-related short-term borrowings are necessary. The balance of the decrease in 2002 was due to higher working capital needs, principally resulting from year-end timing differences on energy supply contract payments.

In 2001, Cash Flows from Operating Activities increased by $14.3 million compared to 2000, mainly due to decreased Accrued Revenues and Accounts Receivable related to energy costs. During 2001, the Company collected revenue from rate reconciling mechanisms for higher energy costs incurred in 2000, and used this cash, in part, to pay down short-term debt borrowings.

Operating Activities (000's)

2002	2001	2000
$ 9,568	$ 23,178	$ 8,864

Cash Flows from Investing Activities - Cash Used in Investing Activities decreased $0.3 million in 2002, compared to the prior year, primarily reflecting a $0.9 million increase in capital expenditures on distribution system additions and improvements, offset by the receipt of $1.5 million of proceeds from the sale of the Company's ownership interest in its non-utility investment. In addition, in 2001, Unitil received $0.3 million in proceeds from the sale of its interest in Millstone Nuclear Generating Station Unit No. 3 (Millstone 3).

Cash Flows Used in Investing Activities decreased approximately $2.7 million in 2001, primarily reflecting a $1.2 million reduction in capital expenditures on distribution system additions and improvements, the receipt of $0.3 million of proceeds from the sale of the Company's ownership interest in Millstone 3, and the reduction of unregulated investment activities.

Capital expenditures are projected to increase in 2003 to approximately $21.8 million, primarily reflecting increased expenditures for utility distribution system improvements.

Investing Activities (000's)

2002	2001	2000
$ (19,290)	$ (19,548)	$ (22,249)

Cash Flows from Financing Activities - Cash Flows from Financing Activities increased by $11.4 million in 2002 compared to 2001. This increase primarily reflects increased short-term borrowings used to fund a significant portion of the Company's additions to gas and electric plant and equipment, as well as increased working capital requirements associated with recoverable deferred charges relating to industry restructuring.

Cash Flows from Financing Activities decreased by $14.2 million in 2001 compared to 2000. This decrease primarily reflects repayment of short- and long-term borrowings, offset by proceeds received from the issuance of long-term debt. During 2001, three of the Company's utility subsidiaries issued long-term debt totaling $29.0 million. The proceeds were used to reduce short-term debt aggregating $18.7 million and to provide long-term funding for a portion of its additions to gas and electric distribution plant and equipment.

As a result of rising and volatile wholesale gas and electric energy prices in 2000 and early 2001, the Company filed and obtained authorization from the SEC under the 1935 Act to increase its maximum short-term borrowing level to $45 million. The Company also negotiated with its banks to increase its lines of credit to meet its borrowing obligations. The Company periodically files rate adjustments to its reconciling cost recovery mechanisms to reflect changes in wholesale energy prices.

During 2001 the Company raised $0.3 million of additional common equity capital through the issuance of 11,279 shares of Common Stock in connection with the Dividend Reinvestment and Stock Purchase Plan (DRP). During 2001, the Company moved to open-market purchases to meet its share issuance obligations under the DRP. As a result, the Company did not issue new original shares of Common Stock in connection with the DRP during 2002, and does not anticipate doing so in 2003. In conjunction with the SEC Emergency Orders of September 14 and 21, 2001, which suspended the applicability of certain of the conditions contained in its Rule 10b-18, the Company implemented an interim Common Stock repurchase program. Under this program, in 2001, the Company repurchased, canceled and retired 2,500 shares of its outstanding Common Stock at a total cost of $58,500. The SEC has since lifted its suspension of the aforementioned conditions and accordingly, the Company's interim Common Stock repurchase program is no longer in effect.

Unitil's annual Common Stock dividend in 2002 was $1.38 per share. This annual dividend resulted in a payout ratio of 97% for the year, before the non-recurring Restructuring Charge. Excluding the loss from Non-regulated Operations, the payout ratio was 88% based on Utility Operations, before the Restructuring Charge. At its January 2003 meeting, the Unitil Board of Directors declared a regular quarterly dividend on the Company's Common Stock of $0.345 per share. This quarterly dividend reflects the current annual dividend rate of $1.38 per share.

Financing Activities (000's)

2002	2001	2000
$ 10,806	$ (614)	$ 13,598

Interest Rate Risk

As discussed above, the Company meets it external financing needs by issuing short-term and long-term debt. The majority of the Company's debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new long-term debt securities issued by the Company. In addition, the Company's short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease the Company's interest expense in future periods. For example, if the Company had an average amount of short-term debt outstanding of $25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately $250,000. The average interest rate on the Company's short-term borrowings was 2.18% and 4.78% during 2002 and 2001, respectively.

Market Risk

Although Until's utility operating companies are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of purchased power and gas costs in rates. Consequently, there is limited commodity price risk after consideration of the related rate-making.

Regulatory Matters

The Unitil Companies are regulated by various federal and state agencies, including the SEC, the Federal Energy Regulatory Commission (FERC), and state regulatory authorities with jurisdiction over public utilities, including the NHPUC and the MDTE. In recent years, there has been significant legislative and regulatory activity to restructure the utility industry in order to introduce greater competition in the supply and sale of electricity and gas, while continuing to regulate the distribution operations of Unitil's utility operating subsidiaries. Unitil implemented the restructuring of its electric operations in Massachusetts in 1998 and is implementing a restructuring settlement for its New Hampshire electric operations that is expected to be on May 1, 2003.

Massachusetts Electric Operations Restructuring - Beginning March 1, 1998, FG&E implemented its Restructuring Plan under the Massachusetts Restructuring Act. FG&E completed the divestiture of its entire regulated power supply business in 2000 in accordance with the Restructuring Plan. All FG&E distribution customers must pay a transition charge that provides for the recovery of costs associated with FG&E's power portfolio which were stranded as a result of the divestiture of those assets. The plant and Regulatory Asset balances that will be recovered through the transition charge have been approved by the MDTE as part of FG&E's annual Reconciliation Filings. The Restructuring Act also requires FG&E to obtain power for retail customers who choose not to buy energy from a competitive supplier through either Standard Offer Service (SOS) or Default Service. FG&E must provide SOS through February 2005 at rate levels which guarantee rate reductions required by the Restructuring Act. New distribution customers and customers no longer eligible for SOS are eligible to receive Default Service at prices set periodically based on market solicitations as approved by regulators. As of December 31, 2002, competitive suppliers were serving approximately 20% of FG&E's load, mainly for large industrial customers.

As a result of the restructuring and divestiture of FG&E's entire generation and purchased power portfolio, FG&E has accelerated the amortization of its stranded electric generation assets and its abandoned investment in Seabrook Station, a nuclear generating unit. FG&E earns an authorized rate of return on the unamortized balance of these Regulatory Assets. In addition, as a result of the rate reduction and rate cap requirements of the Restructuring Act, FG&E has been authorized to defer the recovery of a portion of its transition costs and SOS costs. These unrecovered amounts are also recorded as Regulatory Assets and earn authorized carrying charges until their subsequent recovery in future periods. In 2002, Unitil's earnings derived from these generation-related

Regulatory Assets, including carrying charges earned on deferred transition costs and SOS costs, represented approximately 10% of net income. The value of FG&E's Regulatory Assets is approximately $128 million at December 31, 2002, and is expected to be amortized and recovered over the next three to nine years. Earnings from this segment of FG&E's utility business will continue to decline and ultimately cease.

FG&E made a total of four Reconciliation Filings in 1999, 2000, 2001 and 2002. Rate adjustments were approved for effect during the subsequent year, subject to further investigation. In October 2001, the MDTE issued a final Order on FG&E's 1999 Reconciliation Filing which determined the final treatment of Regulatory Assets attributable to stranded generation costs, purchased power costs, and related expenses for the 1999, and future, Reconciliation Filings. FG&E's 2001 Reconciliation Filing, submitted on December 2, 2001, recast its rates from 1998 through 2001 in compliance with the MDTE's final Order on its 1999 filing. On October 15, 2002, the MDTE issued an Order approving a settlement agreement regarding the Company's 2001 filing. Under the approved settlement, FG&E agreed to reduce the carrying charge on deferred transition costs that will be recovered from customers in future years. This change does not affect current electric rates, but will reduce the total amount of transition costs, including carrying costs, in future years. The MDTE's October 2002 Order and associated settlement resolve many of the issues which otherwise might have been contested in FG&E's future Reconciliation Filings.

FG&E submitted its 2002 Reconciliation Filing on December 20, 2002. Rate adjustments were approved for effect on January 1, 2003, subject to investigation, resulting in a rate reduction of approximately 4.4% for residential SOS customers. The reduction is due to a decrease in the SOS fuel adjustment, which is not subject to the rate cap, and does not affect net income.

Massachusetts Gas Operations Restructuring - Following a three year state-wide collaborative process on the unbundling, or separation, of discrete services offered by natural gas local distribution companies (LDCs), the MDTE approved regulations and tariffs for FG&E and other LDCs to provide full customer choice effective November 1, 2000. The MDTE ruled that LDCs would continue to have an obligation to provide gas supply and delivery services for a five-year transition period, with a review after three years. This review is expected to be initiated in late 2003. The MDTE also required mandatory assignment of LDCs' pipeline capacity to competitive marketers supplying customers during the transition period. This mandatory capacity assignment protects LDCs from exposure to certain stranded gas supply costs during the transition period.

New Hampshire Restructuring - On January 25, 2002, the Company's New Hampshire electric utility subsidiaries, CECo, E&H and Unitil Power, filed a comprehensive restructuring proposal with the NHPUC. This proposal included the introduction of customer choice consistent with New Hampshire's electric utility industry restructuring law, the divestiture of Unitil Power's power supply portfolio, the recovery of stranded costs, the merger of CECo and E&H into one distribution company and new distribution rates for the combined company. On October 25, 2002, the NHPUC approved a multi-party settlement on all major issues in the proceeding, including stranded cost recovery for purchased power contracts. The Company estimates that these recoverable stranded costs are approximately $94.5 million and these were recorded as Power Supply Buyout Obligations and Regulatory Assets at December 31, 2002.

Under Unitil's approved restructuring plan, Unitil agreed to divest its existing power supply portfolio and conduct a solicitation for new power supplies from which to meet its ongoing Transition and Default Service energy obligations. On February 26, 2003, Unitil filed for final NHPUC approval of the executed agreements resulting from these divestiture and solicitation processes, including final tariffs for stranded cost recovery and Transition and Default Services. The filing proposed a recovery period of approximately eight years for stranded costs. The implementation of customer choice for UES customers is targeted for May 1, 2003.

Unitil's restructuring plan is also designed to resolve the pending litigation on this matter. In June 1997, Unitil and other New Hampshire utilities intervened as plaintiffs in a suit filed in U.S. District Court by Northeast Utilities' affiliate Public Service Company of New Hampshire for protection from the NHPUC's Final Plan to restructure the New Hampshire electric utility industry. Although the NHPUC found that CECo and E&H were entitled to full interim stranded cost recovery, the NHPUC also made certain legal rulings, that, if implemented, could affect UES's long-term ability to recover all of its stranded costs. The Unitil Settlement, approved in October 2002, otherwise resolves all of the issues in the federal court action. Upon the expiration of all periods of appeal with respect to the restructuring proceeding by the NHPUC thereto, UES will implement retail choice and Unitil will withdraw its intervention in this federal court action, with prejudice.

Wholesale Power Market Restructuring - Unitil has also been a participant in the restructuring of the wholesale power market and transmission system in New England, which is subject to FERC jurisdiction. New wholesale markets structured pursuant to FERC's Standard Market Design are expected to be implemented in the New England Power Pool during the first half of 2003 under the general supervision of an Independent System Operator and the regulatory oversight of the FERC.

Rate Proceedings - Prior to 2002, the last formal regulatory filings initiated by the Company to increase base rates for Unitil's retail electric operating subsidiaries occurred in 1985 for CECo, 1984 for FG&E, and 1981 for E&H. The last distribution base rate increase request for FG&E's retail gas operations occurred in 1998. In 2001, FG&E's electric base rates were investigated by the MDTE, which resulted in an electric base rate decrease. A majority of the Company's electric and gas operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, energy efficiency, and restructuring-related cost recovery mechanisms. Industry restructuring will continue to change the methods of how certain costs are recovered through the Company's regulated rates and tariffs.

On the gas side, FG&E continues to provide a multi-year refund through its Cost of Gas Adjustment Clause in compliance with the MDTE's May 2001 Order finding that FG&E had over-collected fuel inventory finance charges. At December 31, 2002, the unamortized balance of this refund was $1.3 million. FG&E believes a refund is not justified or warranted and has appealed the MDTE's ruling to the Massachusetts Supreme Judicial Court (SJC). On a preliminary motion, a single justice of the SJC declined to stay the MDTE's Order based on a finding that refunds made by FG&E may be recouped if FG&E prevails on the merits of its claims. The review of the MDTE Order by the SJC is pending.

On October 25, 2002, as part of the electric restructuring settlement for Unitil's New Hampshire utility operations described above, the Company received approval from the NHPUC for an increase of approximately $2.0 million in annual distribution revenues for UES, effective December 1, 2002.

On December 2, 2002, the MDTE issued an Order resulting in distribution rate increases of $2.0 million for FG&E's electric operations and $3.0 million for FG&E's gas operations. Increases for rising gas costs were incorporated into the final gas rates. FG&E's new rates became effective on December 2, 2002.

On April 16, 2002, FG&E filed Performance Based Regulation (PBR) Plans with the MDTE for both electric and gas operations. PBR is a method of setting regulated distribution rates that provides incentives to control costs while maintaining a high level of service quality. Under PBR, a company's earnings are tied to performance targets, and penalties can be imposed for deterioration of service quality. FG&E's PBR Plans were filed in conjunction with FG&E's distribution rate filings, consistent with MDTE policy to implement PBR in the context of base rate cases. The MDTE did not initiate investigations of the filings. On January 6, 2003, the MDTE issued Orders closing the cases. Accordingly, FG&E's PBR plans have no scheduled date of implementation, and conventional cost-based regulation continues to apply.

In December 2002, FG&E and UES filed requests with their respective state regulatory commissions for approval of an accounting Order to mitigate certain accounting requirements related to pension plan assets, which have been triggered by the substantial decline in the capital markets. These requests were granted by the respective state regulatory commissions in December 2002. These approvals allow FG&E and UES to treat the additional minimum pension liability and Prepaid Pension Costs as Regulatory Assets and avoid the reduction in equity that would otherwise be required. These regulatory Orders do not pre-approve the amount of pension expense to be recovered in future rates. Such recovery will be subject to review and approval in future rate proceedings. Based on these approvals, Unitil has included the amount of the additional minimum pension liabilities and Prepaid Pension Costs of $12.0 million in Regulatory Assets on its balance sheet.

Environmental Matters

The Company's past and present operations include activities that are subject to extensive federal and state environmental regulations.

Sawyer Passway MGP Site - The Company continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. FG&E proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection (DEP), which allows the Company to work towards temporary remediation of the site. Work performed in 2002 was associated with the five-year review of

the Temporary Solution submittal (Class C Response Action Outcome) under the Massachusetts Contingency Plan that was filed for the site in 1997. Completion of this work has confirmed the Temporary Solution status of the site for an additional five years. A status of temporary closure requires FG&E to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Since 1991, FG&E has recovered the environmental response costs incurred at this former MGP site pursuant to a MDTE approved Settlement Agreement (Agreement). The Agreement allows FG&E to amortize and recover from gas customers over succeeding seven-year periods the environmental response costs incurred each year. Environmental response costs are defined to include liabilities related to manufactured gas sites, waste disposal sites or other sites onto which hazardous material may have migrated as a result of the operation or decommissioning of Massachusetts gas manufacturing facilities from 1882 through 1978. In addition, any recovery that FG&E receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between FG&E and its gas customers. The total annual charge for such costs assessed to gas customers cannot exceed five percent of FG&E's total revenue for firm gas sales during the preceding year. Costs in excess of five percent will be deferred for recovery in subsequent years.

Former Electric Generating Station - The Company is remediating environmental conditions at a former electric generating station located at Sawyer Passway, which FG&E sold to WRW, a general partnership, in 1983. Rockware International Corporation (Rockware), an affiliate of WRW, acquired rights to the electric equipment in the building and intended to remove, recondition and sell this equipment. During 1985, Rockware demolished several exterior walls of the generating station in order to facilitate removal of certain equipment. The demolition of the walls and the removal of generating equipment resulted in damage to asbestos-containing insulation materials inside the building, which had been intact and encapsulated at the time of the sale of the structure to WRW.

When Rockware and WRW encountered financial difficulties and failed to respond adequately to Orders of the environmental regulators to remedy the situation, FG&E agreed to take steps at that time and obtained DEP approval to temporarily enclose, secure and stabilize the facility. Based on that approval, between September and December 1989, contractors retained by FG&E stabilized the facility and secured the building. This work did not permanently resolve the asbestos problems caused by Rockware, but was deemed sufficient for the then foreseeable future.

Due to the continuing deterioration of this former electric generating station and Rockware's continued lack of performance, FG&E, in concert with the DEP and the EPA, conducted further testing and survey work during 2001 to ascertain the environmental status of the building. Those surveys revealed continued deterioration of the asbestos-containing insulation materials in the building.

By letter dated May 1, 2002, the EPA notified FG&E that it was a Potentially Responsible Party for planned remedial activities at the site and invited FG&E to perform or finance such activities. FG&E and the EPA have entered into an Agreement of Consent, whereby FG&E, without an admission of liability, will conduct environmental remedial action to abate and remove asbestos-containing and other hazardous materials. FG&E has awarded contracts for all aspects of the abatement work, which is presently ongoing. FG&E received significant coverage from its insurance carrier. The Company believes that these funds will be sufficient to complete this remediation and that resolution of this matter will not have a material adverse impact on the Company's financial position.

The Company has recorded the estimated cost of the remediation action in Current Liabilities and an offsetting asset reflecting insurance proceeds in Current Assets. At the balance sheet date, net of amounts expended in 2002, the remaining project cost was $3.7 million.

Critical Accounting Policies

The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of the Company's most critical accounting policies, which are defined as

those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant accounting policies, refer to the attached financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting - The Company is a regulated utility and its principal business is the distribution of electricity and natural gas. Accordingly, the Company uses the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." In accordance with SFAS No. 71, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered in future electric and gas retail rates. The Company also has commitments under long-term contracts for the purchase of electricity from various suppliers. The annual costs under these contracts are included in Fuel and Purchased Power and Gas Purchased for Resale in the Consolidated Statements of Earnings and these costs are recoverable in current and future rates under various orders issued by state and federal regulators. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs are not recoverable in the portion of the business that continues to meet the criteria for application of SFAS No. 71.

Commitments and Contingencies - The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with SFAS No. 5, "Accounting for Contingencies." For example, in 2002 the Company resolved a long standing contingency related to an environmental matter by entering into a fixed price contract to remediate the site while also settling on the funding of the project to be provided by the Company's insurance carrier. As a result, management estimates that this matter will not have a material adverse effect on the Company's financial position.

Forward-Looking Information

This report contains forward-looking statements which are subject to inherent uncertainties in predicting future results and conditions. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to: variations in weather, changes in the regulatory environment, customers' preferences on energy sources, interest rates, general economic conditions, increased competition and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of the Company.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Reference is made to the "Market Risk section of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (above).

Item 8. Financial Statements and Supplemental Data

Report of Independent Certified Public Accountants

To the Shareholders of Unitil Corporation:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Unitil Corporation and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unitil Corporation and subsidiaries as of December 31, 2002 and 2001, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

We have also audited Schedule II for each of the three years in the period ended December 31, 2002. In our opinion, this schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information therein.

/s/ GRANT THORNTON LLP

Boston, Massachusetts
February 7, 2003

CONSOLIDATED STATEMENTS OF EARNINGS

(000's, except common shares and per share data)

Year Ended December 31,	2002	2001	2000
Operating Revenues:			
Electric	$ 167,317	$ 183,780	$ 160,023
Gas	20,283	22,828	22,756
Other	786	414	162
Total Operating Revenues	188,386	207,022	182,941
Operating Expenses:			
Fuel and Purchased Power	114,598	132,947	110,280
Gas Purchased for Resale	11,143	13,827	13,492
Operation and Maintenance	25,667	25,000	24,545
Restructuring Charge	1,598	----	----
Depreciation and Amortization	14,911	12,767	11,964
Provisions for Taxes:			
Local Property and Other	4,731	4,666	4,967
Federal and State Income	2,490	3,421	3,413
Total Operating Expenses	175,138	192,628	168,661
Operating Income	13,248	14,394	14,280
Non-Operating Expenses:			
(Gain) Loss on Non-Utility Investments, net of tax	(82)	2,400	----
Other Non-Operating Expenses	185	170	244
Income Before Interest Expense and Extraordinary Item	13,145	11,824	14,036
Interest Expense, net	7,057	6,797	6,820
Income before Extraordinary Item	6,088	5,027	7,216
Extraordinary Item, net of tax	----	3,937	----
Net Income	6,088	1,090	7,216
Less Dividends on Preferred Stock	253	257	263
Earnings Applicable to Common Shareholders	$ 5,835	$ 833	$ 6,953
Average Common Shares Outstanding - Basic	4,743,696	4,743,576	4,723,171
Average Common Shares Outstanding - Diluted	4,762,166	4,759,822	4,742,745
Earnings per Common Share			
Income before Extraordinary Item	$ 1.23	$ 1.01	$ 1.47
Extraordinary Item, net of tax	----	(0.83)	----
Net Income	$ 1.23	$ 0.18	$ 1.47

(The accompanying Notes are an integral part of these financial statements.)

CONSOLIDATED BALANCE SHEETS (000'S)

ASSETS

December 31,	2002	2001
Utility Plant:		
Electric	$ 193,152	$ 183,795
Gas	44,796	41,287
Common	27,573	28,529
Construction Work in Progress	5,658	1,887
Utility Plant	271,179	255,498
Less: Accumulated Depreciation	82,587	77,210
Net Utility Plant	188,592	178,288
Other Property and Investments	651	2,286
Current Assets:		
Cash	7,160	6,076
Accounts Receivable - Net of Allowance for Doubtful Accounts of $372 and $600	19,513	17,133
Refundable Taxes	4,851	2,432
Material and Supplies	2,323	2,804
Prepayments	1,735	1,889
Accrued Revenue	4,842	1,330
Total Current Assets	40,424	31,664
Noncurrent Assets:		
Regulatory Assets	244,011	146,042
Prepaid Pension Costs	----	10,712
Debt Issuance Costs, net	1,755	1,826
Other Noncurrent Assets	5,350	5,944
Total Noncurrent Assets	251,116	164,524
TOTAL	$ 480,783	$ 376,762

(The accompanying Notes are an integral part of these financial statements.)

CONSOLIDATED BALANCE SHEETS (Cont.) (000'S)

CAPITALIZATION AND LIABILITIES

December 31,	2002	2001
Capitalization:		
Common Stock Equity	$ 74,350	$ 74,746
Preferred Stock, Non-Redeemable, Non-Cumulative	225	225
Preferred Stock, Redeemable, Cumulative	3,097	3,384
Long-Term Debt, Less Current Portion	104,226	107,470
Total Capitalization	181,898	185,825
Current Liabilities:		
Long-Term Debt, Current Portion	3,243	3,224
Capitalized Leases, Current Portion	800	988
Accounts Payable	14,221	20,084
Short-Term Debt	35,990	13,800
Dividends Declared and Payable	77	109
Refundable Customer Deposits	1,336	1,393
Interest Payable	1,311	1,375
Other Current Liabilities	9,062	6,328
Total Current Liabilities	66,040	47,301
Deferred Income Taxes	47,332	47,113
Noncurrent Liabilities:		
Power Supply Buyout Obligations	175,657	88,779
Capitalized Leases, Less Current Portion	2,534	2,945
Other Noncurrent Liabilities	7,322	4,799
Total Noncurrent Liabilities	185,513	96,523
TOTAL	$ 480,783	$ 376,762

(The accompanying Notes are an integral part of these financial statements.)

CONSOLIDATED STATEMENTS OF CAPITALIZATION
(000's except number of shares and par value)

December 31,	2002	2001
Common Stock Equity		
Common Stock, No Par Value (Authorized - 8,000,000 shares; Outstanding - 4,743,696 and 4,743,696 shares)	$ 41,220	$ 41,220
Stock Options	990	669
Retained Earnings	32,140	32,857
Total Common Stock Equity	74,350	74,746
Preferred Stock		
UES Preferred Stock, Non-Redeemable, Non-Cumulative:		
6.00% Series, $100 Par Value	225	225
UES Preferred Stock, Redeemable, Cumulative:		
8.70% Series, $100 Par Value	215	215
5.00% Series, $100 Par Value	---	91
6.00% Series, $100 Par Value	---	168
8.75% Series, $100 Par Value	333	333
8.25% Series, $100 Par Value	385	385
FG&E Preferred Stock, Redeemable, Cumulative:		
5.125% Series, $100 Par Value	946	960
8.00% Series, $100 Par Value	1,218	1,232
Total Preferred Stock	3,322	3,609
Long-Term Debt		
UES First Mortgage Bonds:		
Series I, 8.49%, Due October 14, 2024	6,000	6,000
Series J, 6.96%, Due September 1, 2028	10,000	10,000
Series K, 8.00%, Due May 1, 2031	7,500	7,500
Series L, 8.49%, Due October 14, 2024	9,000	9,000
Series M, 6.96%, Due September 1, 2028	10,000	10,000
Series N, 8.00%, Due May 1, 2031	7,500	7,500
FG&E Long-Term Notes:		
8.55% Notes, Due March 31, 2004	6,000	9,000
6.75% Notes, Due November 30, 2023	19,000	19,000
7.37% Notes, Due January 15, 2029	12,000	12,000
7.98% Notes, Due June 1, 2031	14,000	14,000
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	6,469	6,694
Total Long-Term Debt	107,469	110,694
Less: Long-Term Debt, Current Portion	3,243	3,224
Total Long-Term Debt, Less Current Portion	104,226	107,470
Total Capitalization	$ 181,898	$ 185,825

(The accompanying Notes are an integral part of these financial statements.)

CONSOLIDATED STATEMENTS OF CASH FLOWS (000's)

Year Ended December 31,	2002	2001	2000
Cash Flows from Operating Activities:			
Net Income	$ 6,088	$ 1,090	$ 7,216
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	14,911	12,767	11,964
Deferred Tax Provision	856	(607)	3,523
Noncash Stock Option Compensation Expenses	321	293	182
(Gain) Loss on Non-Utility Investments, net	(82)	2,400	----
Changes in Current Assets and Liabilities:			
Accounts Receivable	(2,380)	2,924	(3,427)
Prepayments and other Current Assets	(960)	(1,690)	(2,393)
Accrued Revenue	(3,512)	7,973	(6,340)
Accounts Payable	(5,863)	1,545	2,024
Interest Payable and other Current Liabilities	2,670	366	(145)
Other, net	(2,481)	(3,883)	(3,740)
Cash Provided by Operating Activities	9,568	23,178	8,864
Cash Flows from Investing Activities:			
Acquisitions of Property, Plant and Equipment	(20,825)	(19,890)	(21,092)
Proceeds from Sale of Electric Generation Assets	----	342	----
Proceeds (Acquisitions) on Investments, net	1,535	----	(1,157)
Cash Used in Investing Activities	(19,290)	(19,548)	(22,249)
Cash Flows from Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt, net	22,190	(18,700)	22,000
Proceeds from Issuance of Long-Term Debt	----	29,000	----
Repayment of Long-Term Debt	(3,225)	(3,208)	(1,255)
Dividends Paid	(6,831)	(6,902)	(6,787)
Issuance of Common Stock, net	----	229	639
Retirement of Preferred Stock	(293)	(81)	(68)
Repayment of Capital Lease Obligations	(1,035)	(952)	(931)
Cash Provided by (Used In) Financing Activities	10,806	(614)	13,598
Net Increase in Cash	1,084	3,016	213
Cash at Beginning of Year	6,076	3,060	2,847
Cash at End of Year	$ 7,160	$ 6,076	$ 3,060
Supplemental Cash Flow Information:			
Interest Paid	$ 9,356	$ 8,988	$ 8,640
Income Taxes Paid	$ 2,351	$ 4,265	$ 827
Supplemental Schedule of Noncash Activities:			
Capital Leases Incurred	$ 436	$ 691	$ 363

(The accompanying Notes are an integral part of these financial statements.)

CONSOLIDATED STATEMENTS OF
CHANGES IN COMMON STOCK EQUITY
(000's except number of shares)

	Common Shares	Stock Option Plan	Retained Earnings	Total
Balance at January 1, 2000	$ 40,352	$ 194	$ 38,129	$ 78,675
Net Income for 2000			7,216	7,216
Dividends on Preferred Shares			(263)	(263)
Dividends on Common Shares - at $1.38 per Share			(6,514)	(6,514)
Stock Option Plan		182		182
Issuance of 22,916 Common Shares (a)	639			639
Balance at December 31, 2000	40,991	376	38,568	79,935
Net Income after Extraordinary Item for 2001			1,090	1,090
Dividends on Preferred Shares			(257)	(257)
Dividends on Common Shares - at an Annual Rate of $1.38 per Share			(6,544)	(6,544)
Stock Option Plan		293		293
Issuance of 11,279 Common Shares (a)	287			287
Re-acquired and retired Common Shares (b)	(58)			(58)
Balance at December 31, 2001	41,220	669	32,857	74,746
Net Income for 2002			6,088	6,088
Dividends on Preferred Shares			(253)	(253)
Dividends on Common Shares - at $1.38 per Share			(6,546)	(6,546)
Stock Option Plan		321		321
Premium paid for redemption of Preferred Shares (c)			(6)	(6)
Balance at December 31, 2002	$ 41,220	$ 990	$ 32,140	$ 74,350

(a) Shares sold and issued in connection with the Company's Dividend Reinvestment and Stock Purchase Plan and Employee 401(k) Tax Deferred Savings and Investment Plan.
(b) Shares repurchased in conjunction with the Company's interim stock repurchase program.
(c) Premium paid for the redemption of Exeter & Hampton Electric Company Preferred Shares.

(The accompanying Notes are an integral part of these financial statements.)

Note 1: Summary of Significant Accounting Policies

Nature of Operations - Unitil Corporation (Unitil or the Company) is registered with the Securities and Exchange Commission (SEC) as a public utility holding company under the Public Utility Holding Company Act of 1935 (1935 Act). The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (UES) (formed in 2002 by the combination and merger of Unitil's former utility subsidiaries Concord Electric Company (CECo) and Exeter & Hampton Electric Company (E&H)), Fitchburg Gas and Electric Light Company (FG&E), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

Unitil's principal business is the retail sale and distribution of electricity and related services in several cities and towns in the seacoast and capital city areas of New Hampshire, and both electricity and gas and related services in north central Massachusetts, through Unitil's two wholly-owned retail distribution utility subsidiaries. The Company's wholesale electric power utility subsidiary, Unitil Power, principally provides all the electric power supply requirements to UES for resale at retail.

Unitil Realty owns and manages the Company's corporate office building and property located in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Service provides, at cost, centralized management, administrative, accounting, financial, engineering, information systems, regulatory, planning, procurement and other services to its affiliated Unitil companies. Unitil Resources is the Company's wholly-owned non-utility subsidiary and has been authorized by the SEC, pursuant to the rules and regulations of the 1935 Act, to engage in competitive business transactions associated with electricity, gas and other energy commodities in wholesale and retail markets, and to provide energy brokering, consulting and management related services within the United States. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly owned subsidiaries of Unitil Resources. Usource provides competitive energy brokering services, as well as related energy consulting services.

With respect to rates and other business and financial matters, UES is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC), FG&E is regulated by the Massachusetts Department of Telecommunications & Energy (MDTE), and Unitil Power, UES and FG&E are regulated by the Federal Energy Regulatory Commission (FERC).

Basis of Presentation

Principles of Consolidation - The consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Regulatory Accounting - Generally Accepted Accounting Principles for regulated entities in the United States allow Unitil to give accounting recognition to the actions of regulatory authorities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." In accordance with SFAS No. 71, the Company has recognized future cash inflows that will result from the ratemaking process (a Regulatory Asset) or has recognized obligations (a Regulatory Liability) if it is probable that such costs will be recovered or obligations relieved in the future through the ratemaking process. In addition to the Regulatory Assets and Liabilities separately identified on the Consolidated Balance Sheet, there are other regulatory assets and liabilities, such as accrued revenues associated with reconciling cost recovery mechanisms and certain deferred tax liabilities recovered through the ratemaking process. The Company also has obligations under long-term power contracts, the recovery of which is subject to regulation. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs are not recoverable in the portion of the business that continues to meet the criteria for application of SFAS No. 71.

Massachusetts and New Hampshire have both passed utility industry restructuring legislation and the Company has filed and implemented its restructuring plans in both states. In Massachusetts, the Company is allowed to recover certain types of costs through ongoing assessments to be included in future regulated service rates. The Company is also deferring the recovery of certain restructuring related costs in order to meet the retail rate cap imposed under the Massachusetts restructuring legislation. Based on the recovery mechanism that allows

recovery of all of its stranded costs and deferred costs related to restructuring, the Company has recorded regulatory assets that it expects to fully recover in future periods. The Company expects to continue to meet the criteria for the application of SFAS No. 71 for the distribution portion of its assets and operations for the foreseeable future. If a change in accounting were to occur to the distribution portion of the Company's operations, it could have a material adverse effect on the Company's earnings and retained earnings in that year and could have a material adverse effect on the Company's ongoing financial condition as well.

On January 25, 2002, the Company's New Hampshire electric utility subsidiaries, CECo, E&H and Unitil Power, filed a comprehensive restructuring proposal with the NHPUC. This proposal included the introduction of customer choice consistent with the New Hampshire restructuring law, the divestiture of Unitil Power's power supply portfolio, the recovery of stranded costs, the combination of CECo and E&H into a planned successor, UES, and new distribution rates for UES. On October 25, 2002, the NHPUC approved a multi-party settlement on all major issues in the proceeding. Under Unitil's approved restructuring plan, Unitil will divest its existing New Hampshire power supply portfolio and conduct a solicitation for new power supplies from which to meet its ongoing transition and default service energy obligations. In early 2003, Unitil will file for final NHPUC approval of the executed agreements resulting from these divestiture and solicitation processes, including final tariffs for stranded cost recovery and transition and default services. The implementation of customer choice is targeted for May 1, 2003.

Upon receipt of all requested approvals in the proceeding by the NHPUC, and the expiration of all periods of appeal with respect thereto, UES will implement retail choice and Unitil will withdraw its intervention in a pending federal court action, with prejudice. In June 1997, Unitil and other utilities in NH intervened as plaintiffs in a suit filed in U.S. District Court by Northeast Utilities' affiliate Public Service Company of New Hampshire for protection from the NHPUC Final Plan to restructure the New Hampshire electric utility industry. Although the NHPUC found that CECo and E&H were entitled to full interim stranded costs recovery, the NHPUC also made certain legal rulings, that, if implemented, could affect the Company's long-term ability to recover all of their stranded costs. The Unitil Settlement approved in October 2002, provides for full stranded cost recovery by UES, and otherwise resolves all of the issues in the federal court action.

Regulatory Assets consist of the following (000's)	Asset Balances at December 31, 2002	2001
Power Supply Buyout Obligations	$ 175,657	$ 88,779
Income Taxes	24,799	27,386
Recoverable Deferred Charges	22,253	18,103
Recoverable Generation-related Assets	9,327	11,774
Pension	11,975	----
Total Regulatory Assets	$ 244,011	$ 146,042

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Unitil's operating subsidiaries record electric and gas operating revenues based upon the amount of electricity and gas delivered to customers through the end of the accounting period. Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Utility Plant - The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of and the cost of removal, less salvage, are charged to the accumulated provision for depreciation.

Depreciation and Amortization - Depreciation provisions for Unitil's utility operating subsidiaries are determined on a group straight-line basis. Provisions for depreciation were equivalent to the following composite rates, based

on the average depreciable property balances at the beginning and end of each year: 2002 - 3.79%, 2001 - 3.75% and 2000 - 3.74%.

Amortization provisions include the recovery of a portion of FG&E's former investment in Seabrook Station, a nuclear generating unit, in rates to its customers through the Seabrook Amortization Surcharge as ordered by the MDTE. In addition, FG&E is amortizing the balance of its unrecovered electric generating related assets, which are recorded as Regulatory Assets, in accordance with its electric restructuring plan approved by the MDTE (See Note 15).

Stock-based Employee Compensation - Unitil accounts for stock-based employee compensation currently using the fair value based method (See Note 5).

Federal Income Taxes - Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured by applying tax rates applicable to the taxable years in which those differences are expected to reverse. The Tax Reduction Act of 1986 eliminated investment tax credits. Investment tax credits generated prior to 1986 are being amortized, for financial reporting purposes, over the productive lives of the related assets.

Newly Issued Pronouncements - On June 29, 2001, the Financial Accounting Standards Board (FASB) approved for issuance SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." Significant provisions of these statements are as follows: all business combinations initiated after June 30, 2001, must use the purchase method of accounting; goodwill and intangible assets with indefinite lives are not amortized but are tested for impairment annually using a fair value approach; other intangible assets will continue to be valued and amortized over their estimated lives. The Company has no goodwill recorded at December 31, 2002 and 2001. As a result, the adoption of these statements did not have any impact on the Company's financial position or results of operations. The merger of the Company's two New Hampshire utility subsidiaries, CECo and E&H, into UES in December 2002 was the combination of entities under the common control of Unitil Corporation and therefore all of the accounts of these businesses were combined at their historical cost.

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which establishes new accounting and reporting standards for legal obligations associated with retiring tangible long-lived assets. The fair value of a liability for an asset retirement obligation must be recorded in the period in which it is incurred, with the cost capitalized as part of the related long-lived asset and depreciated over the asset's useful life. SFAS No.143 must be adopted by 2003. The Company currently accounts for all of the costs of its long lived-assets, including the cost of removal to replace these assets, in accordance with Generally Accepted Accounting Principles and guidelines published by the FERC for Utility plant accounting. The Company has no ownership interest in nuclear power plants, and no decommissioning obligations. The Company has determined that the adoption of this statement will not have a material adverse impact on the Company's financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that an impairment loss should be recognized if the carrying value of the asset is not recoverable from its undiscounted cash flows. The statement is effective for fiscal years beginning after December 15, 2001, with early adoption permitted. The Company has determined that the adoption of this statement will not have a material adverse impact on the Company's financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. The Company initiated a reorganization of management and administrative positions in the fourth quarter of 2002 and recognized a Restructuring Charge, discussed below, under the provisions of Emerging Issues Task Force (EITF) Issue No. 94-3, the predecessor standard to SFAS 146.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" to provide alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method on reported results. The Company recognizes compensation cost at fair value at the date of grant.

Also in 2002, the FASB issued Interpretation 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." Under FIN 45 guarantors are required to measure and recognize the fair value of guarantees at inception and provide new disclosures regarding the nature of any guarantees. FIN 45 is effective for financial statements of reporting periods ending after December 15, 2002. The Company has adopted the provisions of FIN 45.

Reclassifications - Certain amounts previously reported have been reclassified to conform to current year presentation.

Note 2: Restructuring Charge - 2002

In the fourth quarter of 2002, Unitil recognized a pre-tax Restructuring Charge of $1.6 million. The after-tax effect of the Restructuring Charge was a reduction of $0.20 in Earnings per Common Share, assuming full dilution.

In December 2002, the Company undertook a strategic review of its business operations and committed to a formal transition and reorganization plan (the Reorganization Plan) to streamline its management structure, in order to improve operating efficiency and to align the organization to meet ongoing business requirements. The Reorganization Plan resulted in the elimination of 19 management and administrative positions. As a result of the elimination of these positions, and consistent with existing Company policy, certain benefits are extended to the employees whose positions were eliminated. On January 8, 2003, the Company implemented the Reorganization Plan.

The $1.6 million pre-tax Restructuring Charge established a liability at December 31, 2002, to cover the disbursement of severance and employee benefits and related costs committed to under the Reorganization Plan, substantially all of which will be paid in fiscal 2003. At December 31, 2002, the Restructuring Charge of $1.6 million is included in Other Current Liabilities.

Note 3: Extraordinary Item - 2001

In November 1997, the Massachusetts Legislature enacted the Massachusetts Electric Restructuring Act of 1997 (the Restructuring Act). The Restructuring Act required all electric utilities to file a restructuring plan with the MDTE by December 31, 1997. Among other things, the Restructuring Act required all Massachusetts electric utilities to sell all of their electric generation assets and to restructure their utility operations to provide direct retail access to their customers by all qualified generation suppliers.

The MDTE conditionally approved FG&E's Restructuring Plan (the Plan) in February 1998, and started an investigation and evidentiary hearings into FG&E's proposed recovery of Regulatory Assets related to stranded generation asset costs and expenses related to the formulation and implementation of its Plan. In January 1999, the MDTE approved FG&E's Plan, which included provisions for the recovery of stranded costs through a transition charge in FG&E's electric rates. In September 1999, FG&E filed its first annual reconciliation of stranded generation asset costs and expenses and associated transition charge revenues and the MDTE initiated a lengthy investigation and hearing process.

On October 18 and 19, 2001, the MDTE issued a series of regulatory Orders in several pending cases involving FG&E, including a final Order on FG&E's initial reconciliation filing. Those Orders included the review and disposition of issues related to FG&E's recovery of transition costs due to the restructuring of the electric industry in Massachusetts, as well as certain costs associated with gas industry restructuring and preparation and litigation of performance based rate proceedings initiated by the MDTE. The Orders determined the final treatment of Regulatory Assets that FG&E had sought to recover from its Massachusetts electric customers over a multi-year transition period that began in 1998.

As a result of the industry restructuring-related Orders, FG&E recorded a non-cash adjustment to Regulatory Assets of $5.3 million, which resulted in the recognition of an extraordinary charge of $3.9 million, net of taxes. The Company recognized the extraordinary charge of $0.83 per share, as of September 30, 2001.

As a result of all of these Orders, the Company has been allowed recovery of its Massachusetts industry restructuring transition costs, estimated at $150 million, after reconciliation, including the above-market or stranded generation and power supply related costs via a non-bypassable uniform transition charge. FG&E has been and will continue to be subject to annual MDTE investigation and review in order to reconcile the costs and revenues associated with the collection of transition charges from its customers over the next eight to ten years.

Note 4: Investment Write-down and Sale of Equity Stake in Enermetrix - 2001

Beginning in 1998, Unitil invested $5.5 million in Enermetrix, Inc. (Enermetrix), an energy technology start-up enterprise. In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," the Company recorded a non-cash charge of $3.7 million, or $2.4 million, net of tax, in the fourth quarter of 2001 to recognize the decrease in fair value of its non-utility investment in Enermetrix.

On April 11, 2002, the Company sold its equity ownership in Enermetrix for $1.5 million in cash and improved commercial terms for use of the Enermetrix Software Network. As a result of the sale, in 2002, the Company recognized the benefit of approximately $1.3 million of this capital loss as a carryback against capital gains in its 2002 tax return.

Note 5: Common Stock

New Shares Issued - During 2002, Unitil did not issue any additional shares of its common stock. The Company raised $287,142 and $639,000 of additional common equity capital through the issuance of 11,279 and 22,916 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase Plan (DRP) during 2001 and 2000, respectively. The DRP provides participants in the plan a method for investing cash dividends on the Company's Common Stock and cash payments in additional shares of the Company's Common Stock.

Shares Repurchased, Cancelled and Retired - During 2002, Unitil did not repurchase, cancel and retire any of its common stock. During 2001, in conjunction with the SEC's Emergency Orders of September 14 and 21, 2001, which suspended the applicability of certain of the conditions contained in its Rule 10b-18, the Company implemented an interim Common Stock repurchase program. Under this program, the Company used its cash on hand to repurchase, cancel and retire 2,500 shares of its outstanding Common Stock at a total cost of $58,500. The SEC has since lifted its suspension of the aforementioned conditions and accordingly, the Company's interim Common Stock repurchase program is no longer in effect.

Stock-Based Compensation Plans - Unitil maintains two stock option plans, which provide for the granting of options to key employees. Details of the plan are as follows:

Unitil Corporation Key Employee Stock Option Plan - The "Unitil Corporation Key Employee Stock Option Plan" was a 10-year plan which began in March 1989. The number of shares granted under this plan, as well as the terms and conditions of each grant, were determined by the Key Employee Stock Option Plan Committee of the Board of Directors, subject to plan limitations. All options granted under this plan vested upon grant. The 10-year period in which options could be granted under this plan expired in March 1999. The expiration date of the remaining outstanding options is November 3, 2007. The plan provides dividend equivalents on options granted, which are recorded at fair value as compensation expense. The total compensation expenses recorded by the Company with respect to this plan were $43,000, $42,000 and $38,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

Share Option Activity of the "Unitil Corporation Key Employee Stock Option Plan" is presented in the following table:

	2002	2001	2000
Beginning Options Outstanding and Exercisable	30,996	29,358	27,976
Dividend Equivalents Earned	1,649	1,638	1,382
Options Exercised	----	----	----
Ending Options Outstanding and Exercisable	32,645	30,996	29,358
Range of Option Exercise Price per Share	$12.11-$18.28	$12.11-$18.28	$12.11-$18.28
Weighted Average Remaining Contractual Life	4.9 years	5.9 years	6.9 years

Unitil Corporation 1998 Stock Option Plan - The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998. The number of shares granted under this plan, as well as the terms and conditions of each grant, are determined by the Compensation Committee of the Board of Directors, subject to plan limitations. All options granted under this plan vest over a three-year period from the date of the grant, with 25% vesting on the first anniversary of the grant, 25% vesting on the second anniversary, and 50% vesting on the third anniversary. Under the terms of this plan, key employees may be granted options to purchase the Company's Common Stock at no less than 100% of the market price on the date the option is granted. All options must be exercised no later than 10 years after the date on which they were granted. The total compensation expenses recorded by the Company with respect to this plan were $278,000, $251,000 and $144,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

	2002		2001		2000	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	172,500	$ 26.99	113,500	$ 27.64	62,000	$ 23.38
Options Granted	----	----	60,000	$ 25.88	55,000	$ 32.18
Options Forfeited	----	----	(1,000)	$ 33.56	(3,500)	$ 23.38
Ending Options Outstanding	172,500	$ 26.99	172,500	$ 26.99	113,500	$ 27.64
Options Vested and Exercisable-end of year	100,500	$ 26.11				

The Company has adopted SFAS No. 123, "Accounting for Stock Based Compensation," and recognizes compensation costs at fair value at the date of grant.

The following summarizes certain data for options outstanding at December 31, 2002:

Range of Exercise Prices	Options Outstanding	Weighted Average Exercise Price	Options Vested and Exercisable	Weighted Average Exercise Price	Remaining Contractual Life
$20.00-$24.99	58,500	$23.38	58,500	$23.38	6.2 years
$25.00-$29.99	60,000	$25.88	15,000	$25.88	8.1 years
$30.00-$34.99	54,000	$32.15	27,000	$32.15	7.1 years
	172,500		100,500		

There were no options granted during 2002. The weighted average fair value per share of options granted during 2001 and 2000 was $4.66 and $7.13, respectively. The fair value of options at the date of grant was estimated using the Black-Scholes model with the following weighted average assumptions:

	2002	2001	2000
Expected Life (years)	N/A	10.0	10.0
Interest Rate	N/A	5.8%	6.0%
Volatility	N/A	23.6%	22.3%
Dividend Yield	N/A	5.3%	4.3%

Restrictions on Retained Earnings - Unitil Corporation has no restriction on the payment of common dividends from retained earnings.

Its two retail distribution subsidiaries, UES and FG&E, do have restrictions. Under the terms of the First Mortgage Bond Indentures, UES had $9,313,000 available for the payment of cash dividends on its Common Stock at December 31, 2002. Under the terms of long-term debt purchase agreements, FG&E had $5,144,000 of retained earnings available for the payment of cash dividends on its Common Stock at December 31, 2002.

In addition, under the terms of the NHPUC's Order in Docket DE 01-247, UES' ability to issue dividends on its common stock is restricted to an annual maximum of $1,794,000. This restriction will remain in place until UES files its next base rate case with the NHPUC, which UES is required to file within the next five years.

Note 6: Preferred Stock

Unitil's two distribution operating subsidiaries, UES and FG&E, have redeemable Cumulative Preferred Stock outstanding and one subsidiary, UES, has a Non-Redeemable, Non-Cumulative Preferred Stock issue outstanding. These subsidiaries are required to offer to redeem annually a given number of shares of each series of Redeemable Cumulative Preferred Stock and to purchase such shares that shall have been tendered by holders of the respective stock. All such subsidiaries may redeem, at their option, the Redeemable Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable Cumulative Preferred Stock during 2002, 2001 and 2000 related to the annual redemption offer were $34,500, $81,000 and $67,500, respectively. The aggregate amount of sinking fund requirements of the Redeemable Cumulative Preferred Stock for each of the five years following 2002 are $192,000 per year.

Also, during 2002, in conjunction with the merger of E&H into CECo to form UES, the 5% and 6% series of Redeemable Cumulative Preferred Stock were fully-redeemed at par plus premiums of 2% and 3%, respectively. These redemptions and related premiums resulted in an aggregate expenditure of $258,720.

Note 7: Long-Term Debt and Interest Expense

Substantially all the property and franchises of Unitil's utility operating subsidiaries are subject to liens of indenture under which First Mortgage bonds have been issued. Certain of the Company's long-term debt agreements contain provisions which, among other things, limit the incursion of additional long-term debt.

Total aggregate amount of sinking fund payments relating to bond issues and normal scheduled long-term debt repayments amounted to $3,225,444, $3,208,000 and $1,254,946 in 2002, 2001 and 2000, respectively.

The aggregate amount of bond sinking fund requirements and normal scheduled long-term debt repayments for each of the five years following 2002 is: 2003 - $3,244,156, 2004 - $3,264,421, 2005 - $286,368, 2006 - $310,136 and 2007 - $335,877.

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. In management's opinion, the carrying value of the debt approximated its fair value at December 31, 2002 and 2001.

The Company also provides limited guarantees on certain energy contracts entered into by its regulated subsidiary companies. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2002, there are $1.8 million of guarantees outstanding and these guarantees extend through October 15, 2004.

Interest Expense, net - Interest expense is presented in the financial statements, net of Interest Income. In 2002, Interest Expense, net, increased primarily due to the refinancing of lower cost short-term debt with higher cost long-term debt and additional borrowings to support the Company's capital requirements. Total interest expense was $9.3 million, $9.1 million and $8.6 million in 2002, 2001 and 2000, respectively, and increased due to higher debt outstanding in each of those years. Interest income was $2.3 million, $2.3 million and $1.8 million in 2002, 2001 and 2000, respectively, primarily reflecting interest earned on recoverable deferred charge balances related to industry restructuring.

Note 8: Credit Arrangements

At December 31, 2002, Unitil had unsecured committed bank lines for short-term debt in the aggregate amount of $38.0 million with three banks for which it pays commitment fees. The weighted average interest rates on all short-term borrowings were 2.18%, 4.78% and 6.57% during 2002, 2001 and 2000, respectively.

Note 9: Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery and office equipment. FG&E had a 22-year facility lease in which the Primary Term was scheduled to end on January 31, 2003. On February 1, 2002, a 10-year Extended Term commenced extending the lease term through February 2012. Furthermore, the amended lease agreement allows for three additional five-year renewal periods at the option of FG&E. In addition, Unitil's subsidiaries lease some equipment under operating leases.

The following is a schedule of the leased property under capital leases by major classes:

	Asset Balances at December 31,	
Classes of Utility Plant (000's)	2002	2001
Common Plant	$ 7,095	$ 7,146
Less: Accumulated Depreciation	3,761	3,213
Net Plant	$ 3,334	$ 3,933

The following is a schedule by years of future minimum lease payments and present value of net minimum lease payments under capital leases, as of December 31, 2002:

Year Ending December 31, (000's)	
2003	$ 1,130
2004	862
2005	602
2006	310
2007	274
2008 - 2012	1,356
Total Minimum Lease Payments	$ 4,534
Less: Amount Representing Interest	1,200
Present Value of Net Minimum Lease Payments	$ 3,334

Total rental expense charged to operations for the years ended December 31, 2002, 2001 and 2000 amounted to $4,000, $12,000 and $21,000, respectively. There are no material future operating lease payment obligations at December 31, 2002.

Note 10: Income Taxes

Federal Income Taxes were provided for the following items for the years ended December 31, 2002 2001and 2000, respectively:

	2002	2001	2000
Current Federal Tax Provision (Benefit) (000's):			
Operating Income	$ 1,960	$ 3,566	$ (9)
Amortization of Investment Tax Credits	(51)	(153)	(256)
Total Current Federal Tax Provision (Benefit)	1,909	3,413	(265)
Deferred Federal Tax Provision (Benefit) (000's)			
Accelerated Tax Depreciation	68	(401)	183
Abandoned Properties	(705)	(767)	(863)
Accrued Revenue	1,118	691	3,604
Allowance for Funds Used During Construction	(32)	(42)	(48)
Post Retirement Benefits Other Than Pensions	(38)	(34)	(29)
Deferred Pensions	86	89	275
Regulatory Assets and Liabilities	70	37	(186)
Deferred Gain on Sale of New Haven Harbor	----	----	125
Contributions in Aid of Construction	(231)	(251)	(106)
Difference in Prior Year Taxes as Filed	72	312	149
Other	(119)	(197)	(38)
Total Deferred Federal Tax Provision (Benefit)	289	563	3,066
Total Federal Tax Provision	$ 2,198	$ 2,850	$ 2,801

The components of the Federal and State income tax provisions reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2002, 2001 and 2000 were as follows:

Federal and State Tax Provisions (000's)	2002	2001	2000
Federal			
Current	$ 1,960	$ 3,566	$ (9)
Deferred	289	(563)	3,066
Amortization of Investment Tax Credits	(51)	(153)	(256)
Total Federal Tax Provision	2,198	2,850	2,801
State			
Current	(275)	615	155
Deferred	567	(44)	457
Total State Tax Provision	292	571	612
Federal and State Income Taxes - Operating Expenses	$ 2,490	$ 3,421	$ 3,413

In 2001, the Company provided for a deferred tax benefit of $1.3 million on the capital loss from the write-down of its investment in Enermetrix. The Company recognized the benefit in 2002 of this capital loss as a carryback against capital gains in its tax return. Also in the third quarter of 2001, the Company recorded a deferred tax benefit of $1.4 million as adjustments to deferred taxes recognized when the Company recorded the extraordinary item.

The differences between the Company's provisions for Income Taxes and the provisions calculated at the statutory federal tax rate, expressed in percentages, are shown below:

	2002	2001	2000
Statutory Federal Income Tax Rate	34%	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	2	4	4
Investment Tax Credits	(1)	(1)	(2)
Abandoned Property	(8)	(6)	(6)
Other, Net	2	(1)	2
Effective Income Tax Rate	29%	30%	32%

Temporary differences which gave rise to deferred tax assets and liabilities are shown below:

Deferred Income Taxes (000's)	2002	2001
Accelerated Depreciation	$ 24,140	$ 24,020
Abandoned Property	2,547	4,845
Contributions in Aid of Construction	(3,654)	(3,360)
Percentage Repair Allowance	2,038	2,165
Retirement Loss - Plant Assets	2,924	3,177
Employee Benefit Plans	3,624	3,551
Regulatory Assets and Liabilities	7,087	7,828
Deferred Charges	7,820	5,954
Investment Write-down	----	(1,236)
Other	806	169
Total Deferred Income Tax	$ 47,332	$ 47,113

Due to a change in New Hampshire State tax regulations and in accordance with SFAS No. 109, "Accounting for Income Taxes," the Company recorded an adjustment to Deferred Income Taxes and an offsetting adjustment to Regulatory Assets of $6.1 million in 2001.

Note 11: Energy Supply

Massachusetts:

Joint Owned Units - FG&E is participating, on a tenancy-in-common basis, with other New England utilities, in the ownership of one generating unit. Wyman Unit No. 4 is an oil-fired station that has been in commercial operation since December 1978. FG&E's 0.217% interest in Millstone Nuclear Generating Station Unit No. 3 (Millstone 3), which has been in commercial operation since April 1986, was sold to Dominion Resources, Inc. effective April 1, 2001. Kilowatt-hour generation and operating expenses of the joint ownership unit is divided on the same basis as ownership. FG&E's proportionate costs are reflected in the Consolidated Statements of Earnings. In accordance with the Massachusetts Restructuring Act, and pursuant to the power supply divestiture discussed below, FG&E began selling the entire output from its joint ownership generating units on February 1, 2000. Revenues from this sale reflect collection of the costs associated with FG&E's ownership interest in these generation units. Accordingly, these expenses do not have an impact on net income. Information with respect to FG&E's ownership in Wyman Unit No. 4, at December 31, 2002, is shown below:

Joint Ownership Unit	State	Proportionate Ownership %	Share of Total MW	Company's Net Book Value (000's)
Wyman Unit No. 4	ME	0.1822	1.13	$ 71

Purchased Power and Gas Supply Contracts - FG&E has commitments under long-term contracts for the purchase of electricity and gas from various suppliers. Generally, these contracts are for fixed periods and require payment of demand and energy charges. Total annual costs under these contracts are included in Fuel and

Purchased Power and Gas Purchased for Resale in the Consolidated Statements of Earnings. These costs are recoverable in revenues under various cost recovery mechanisms. In accordance with the Restructuring Act, and pursuant to the power supply divestiture discussed below, FG&E began selling the entire output from its power supply contracts on February 1, 2000.

Under the Restructuring Act, customers not purchasing electric power from competitive suppliers are eligible either for Standard Offer Service (SOS) or for Default Service. Many of FG&E's customers are currently eligible for SOS service. On March 1, 1999, FG&E entered into a contract with Constellation Power Source to procure power needed to serve the SOS load. The contract will continue through February 28, 2005. The power required to meet Default Service is currently being procured through six-month contracts that expire May 31, 2003. In accordance with MDTE regulations, FG&E will conduct periodic Request for Proposals (RFP) to procure Default Service at market prices. The next RFP will be used to procure Default Service effective June 1, 2003.

Power Supply Divestiture - In January 2000, the MDTE approved FG&E's agreement to sell the output from its remaining electric power supply portfolio to Select Energy Inc., a subsidiary of Northeast Utilities. FG&E initiated its electric restructuring process, including the divestiture and sale of its power supply portfolio, in 1998, in response to the Restructuring Act. Under the Select Energy contract, which went into effect February 1, 2000, FG&E began selling the entire output from its remaining power contracts and the output of its two joint ownership units to Select Energy. Upon the sale of FG&E's share of Millstone 3, this portion of the contract sale ceased.

FG&E has been allowed recovery of its transition costs, including the above-market or stranded generation and power-supply related costs, via a non-bypassable uniform transition charge. The recoverable transition costs, which have been recorded on FG&E's balance sheet at December 31,2002, as Regulatory Assets, include $81.1 million of purchased power contracts and $12.3 million of recoverable generation-related assets.

New Hampshire:

Purchased Power Contracts - Unitil Power has commitments under long-term contracts for the purchase of electricity from various suppliers. These wholesale contracts are generally for fixed periods and require payment of demand and energy charges. The total costs under these contracts are included in Fuel and Purchased Power in the Consolidated Statements of Earnings and are normally recoverable in revenues under various cost recovery mechanisms.

UES, upon the implementation of customer choice, will be required to acquire and provide transition service power supply to its customers for up to three years. All existing and new customers will be eligible to receive transition service. To the extent that UES customers choose a third party supplier for their power supply and then subsequently return to UES for service, UES will be obligated to provide default service power supply to these customers.

Power Supply Divestiture - On January 25, 2002, Unitil Power, along with CECo and E&H, filed a comprehensive electric restructuring proposal under which its long-term power supply contracts would be sold and/or assigned through a competitive auction process to a third party and the remaining financial obligations recovered in their entirety through a retail stranded cost charge.

This proposal included the introduction of customer choice consistent with the New Hampshire restructuring law, the divestiture of Unitil Power's power supply portfolio, the recovery of stranded costs, the combination of CECo and E&H into a planned successor and new distribution rates for the combined company. On October 25, 2002, the NHPUC approved a multi-party settlement on all major issues in the proceeding. Under Unitil's approved restructuring plan, Unitil will divest its existing power supply portfolio and conduct a solicitation for new power supplies from which to meet its ongoing transition and default service energy obligations. On February 26, 2003, Unitil filed for final NHPUC approval of the executed agreements resulting from these divestiture and solicitation processes, including final tariffs for stranded cost recovery and transition and default services. The filing proposed a recovery period of approximately eight years for stranded costs. The implementation of customer choice is targeted for May 1, 2003.

The Unitil Settlement approved in October 2002, provides for full stranded cost recovery by UES, and otherwise resolves all of the issues in the federal court action. The Company has estimated its recoverable stranded costs at $94.5 million, which have been recorded on UES' balance sheet as Regulatory Assets and Power Supply Buyout Obligations.

Note 12: Benefit Plans

Pension Plans - Unitil has a defined benefit pension plan covering substantially all its employees. The retirement benefits are based upon the employee's level of compensation and length of service. The Company records annual expense and accounts for its pension plan in accordance with SFAS No. 87, "Employers' Accounting for Pensions."

The following table provides the components of net periodic expense (income) for the plan for years 2002, 2001 and 2000:

Net Periodic Expense (Income) (000's)	2002	2001	2000
Service Cost	$ 1,116	$ 914	$ 850
Interest Cost	2,797	2,639	2,552
Expected Return on Plan Assets	(4,181)	(4,439)	(4,356)
Amortization of Transition Obligation	----	84	85
Amortization of Prior-Service Cost	102	96	98
Recognized Net Actuarial (Gain)	----	(10)	(105)
Net Periodic Benefit Income	$ (166)	$ (716)	$ (876)
Reconciliation of Projected Benefit Obligations (000's):			
Beginning of Year	$ 38,922	$ 35,348	$ 33,371
Service Cost	1,116	914	850
Interest Cost	2,797	2,639	2,552
Amendments	78	----	(80)
Actuarial (Gain) Loss	1,997	2,173	749
Benefit Payments	(2,165)	(2,152)	(2,094)
End of Year	$ 42,745	$ 38,922	$ 35,348
Reconciliation of Fair Value of Plan Assets (000's):			
Beginning of Year	$ 40,943	$ 45,422	$ 45,783
Actual Return of Plan Assets	(4,534)	(2,327)	1,733
Benefit Payments	(2,165)	(2,152)	(2,094)
End of Year	$ 34,244	$ 40,943	$ 45,422
Funded Status (000's):			
Funded Status at December 31	$ (8,501)	$ 2,021	$ 10,074
Unrecognized Transition Obligation	----	----	84
Unrecognized Prior-Service Cost	919	942	1,038
Unrecognized Loss (Gain)	18,461	7,749	(1,200)
Subtotal	10,879	10,712	9,996
Effect of Regulatory Order	(10,879)	----	----
Prepaid Pension Cost	$ ----	$ 10,712	$ 9,996

Unitil had an Accumulated Benefit Obligation (ABO) of $35.3 million, $31.3 million and $29.5 million at December 31, 2002, 2001 and 2000, respectively. The Effect of Regulatory Order, noted in the table above, is discussed below.

In December 2002, FG&E and UES filed requests with their respective state regulatory commissions for approval of an accounting order to mitigate certain accounting requirements related to pension plan assets which have been triggered by the substantial decline in the capital markets. Due to this decline, at December 31, 2002, the Company's ABO of $35.3 million exceeded its Fair Value of Plan Assets of $34.2 million, which created an additional minimum liability of $1.1 million to be recognized for pension accounting purposes under SFAS No. 87. The respective state regulatory commissions approved these requests in December 2002. These approvals allow FG&E and UES to treat its additional minimum pension liability and Prepaid Pension Costs as Regulatory Assets

under SFAS No. 71 and avoid the reduction in equity through comprehensive income that would otherwise be required by SFAS No. 87. These regulatory Orders do not pre-approve the amount of pension expense to be recovered in future rates. Such recovery will be subject to review and approval in future rate proceedings. Based on these approvals, the Company included the additional minimum pension liabilities of $1.1 million plus Prepaid Pension Costs of $10.9 million, or a total of $12.0 million, in Regulatory Assets on its balance sheet.

Plan assets are primarily made up of 60% equity and 40% fixed income investments. Fluctuations in actual equity market returns as well as changes in general interest rates may result in increased or decreased pension benefit costs and cash funding requirements in future periods. Likewise, changes in assumptions regarding discount rates and expected rates of return on plan assets could also increase or decrease pension benefit costs and cash funding requirements in future periods. The weighted average discount rates used in determining the Projected Benefit Obligation in 2002, 2001 and 2000 were 7.00%, 7.25% and 7.75%, respectively. The rate of increase in future compensation levels was 4.00% and the expected long-term rate of return on assets was 9.25% in 2002, 2001 and 2000.

Unitil Service has a Supplemental Executive Retirement Plan (SERP). The SERP is an unfunded retirement plan with participation limited to executives selected by the Board of Directors. The cost associated with the SERP amounted to approximately $137,000, $136,000 and $112,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

Employee 401(k) Tax Deferred Savings Plan - Unitil sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code, covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. The Company matches contributions, with a maximum matching contribution of 3% of current compensation. Employees may direct, at their sole discretion, the investment of their savings plan balances both the employer and employee portions into a variety of investment options, including a Company Common Stock fund. Participants are 100% vested in contributions made on their behalf, once they have completed three years of service. The Company's share of contributions to the plan were $483,000, $446,000 and $425,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

Post-Retirement Benefits - Unitil's subsidiaries provide health care benefits to retirees for a 12-month period following their retirement. The Company's subsidiaries continue to provide life insurance coverage to retirees. Life insurance and limited health care post-retirement benefits require the Company to accrue post-retirement benefits during the employee's years of service with the Company and the recognition of the actuarially determined total post-retirement benefit obligation earned by existing retirees. At December 31, 2002, 2001 and 2000, the accumulated post-retirement benefit obligation (transition obligation) was approximately $214,000, $235,000 and $257,000, respectively, and the period cost associated with these benefits for 2002, 2001 and 2000 was approximately $119,000, $107,000 and $90,000, respectively. This obligation is being recognized on a delayed basis over the average remaining service period of active participants, and such period will not exceed 20 years.

In addition, the Company made payments of $1.2 million, $1.0 million and $0.9 million in 2002, 2001 and 2000 respectively, to the Unitil Retiree Trust (URT) in return for certain advisory services rendered to the Company in those years. URT is an organization of retirees, incorporated in 1993, to advise Unitil Corporation regarding customer service and retirement issues and to provide social, health and welfare benefits to its members, who are eligible former employees of the Company. URT is under the direction of an independent Board of Trustees whose voting members are comprised of former employees of the Company, elected by and from the membership of URT. URT is not a subsidiary of Unitil Corporation.

Note 13: Earnings Per Share

The following table reconciles basic and diluted earnings per share, assuming all outstanding stock options were converted to common shares per SFAS No. 128, "Earnings per Share."

(000's except share and per share data)	2002	2001	2000
Income before Extraordinary Item	$ 5,835	$ 4,770	$ 6,953
Extraordinary Item, net of tax	----	(3,937)	----
Earnings Available to Common Shareholders	$ 5,835	$ 833	$ 6,953
Weighted Average Common Shares Outstanding - Basic	4,743,696	4,743,576	4,723,171
Plus: Diluted Effect of Incremental Shares - from Assumed Conversion	18,470	16,246	19,574
Weighted Average Common Shares Outstanding - Diluted	4,762,166	4,759,822	4,742,745
Earnings per Share:			
Income before Extraordinary Item	$ 1.23	$ 1.01	$ 1.47
Extraordinary Item, net of tax	---	$ (0.83)	$ ---
Earnings Available to Common Shareholders	$ 1.23	$ 0.18	$ 1.47

Weighted average options to purchase 54,000, 114,000 and 55,000 shares of Common Stock were outstanding during 2002, 2001 and 2000, respectively, but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive.

Note 14: Segment Information

Unitil reported four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil is engaged principally in the retail sale and distribution of electricity in New Hampshire and both electric and gas service in Massachusetts through its retail distribution subsidiaries UES and FG&E. The Company's wholesale electric power subsidiary, Unitil Power, principally provides all the electric power supply requirements to UES for resale at retail. Unitil Resources provides an energy brokering service, through Usource, as well as various energy consulting activities. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies.

Unitil Realty and Unitil Service are included in the "Other" column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. Unitil Resources and Usource are included in the Non-Regulated column below.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies. Intersegment sales take place at cost and the effects of all intersegment and/or intercompany transactions are eliminated in the consolidated financial statements. Segment profit or loss is based on profit or loss from operations after income taxes. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on factors under the 1935 Act rules and contained in cost-of-service studies, which were included in rate applications approved by the NHPUC and MDTE. Assets allocated to each segment are based upon specific identification of such assets provided by Company records.

The following table provides significant segment financial data for the years ended December 31, 2002, 2001 and 2000:

Year Ended December 31, 2002 (000's)	Electric	Gas	Other	Non-Regulated	Eliminations	Total
Revenues	$ 167,317	$ 20,283	$ 30	$ 756		$ 188,386
Depreciation and Amortization	10,793	1,998	1,922	198		14,911
Interest, net	4,693	1,692	654	18		7,057
Income Taxes	3,519	(458)	(46)	(525)		2,490
Segment Profit	6,249	(206)	456	(664)		5,835
Identifiable Segment Assets	384,862	85,366	24,500	1,958	(15,903)	480,783
Capital Expenditures	16,676	3,859	290	----		20,825
Year Ended December 31, 2001 (000's)						
Revenues	$ 183,780	$ 22,828	$ 30	$ 384		$ 207,022
Depreciation and Amortization	9,025	1,760	1,753	229		12,767
Interest, net	4,388	1,576	829	4		6,797
Income Taxes	4,527	(457)	2	(651)		3,421
Segment Profit	8,771	(771)	172	(1,002)		7,170
Investment Write-down, net of tax	----	----	(2,400)	----		(2,400)
Extraordinary Item, net of tax	(3,937)	----	----	----		(3,937)
Identifiable Segment Assets	288,013	87,851	23,679	834	(23,615)	376,762
Capital Expenditures	14,328	4,817	745	----		19,890
Year Ended December 31, 2000 (000's)						
Revenues	$ 160,023	$ 22,756	$ 31	$ 131		$ 182,941
Depreciation and Amortization	8,815	1,575	1,344	230		11,964
Interest, net	4,797	1,370	627	26		6,820
Income Taxes	4,051	199	14	(851)		3,413
Segment Profit	7,923	662	46	(1,678)		6,953
Identifiable Segment Assets	286,437	89,917	24,079	994	(18,460)	382,967
Capital Expenditures	14,066	3,821	3,205	----		21,092

Note 15: Commitments and Contingencies

Regulatory Matters -

The Unitil Companies are regulated by various federal and state agencies, including the SEC, the FERC and state regulatory authorities with jurisdiction over public utilities, including the NHPUC and the MDTE. In recent years, there has been significant legislative and regulatory activity to restructure the utility industry in order to introduce greater competition in the supply and sale of electricity and gas, while continuing to regulate the distribution operations of Unitil's utility operating subsidiaries. Unitil implemented the restructuring of its electric operations in Massachusetts in 1998 and is implementing a restructuring settlement for its New Hampshire electric operations that is expected to be on May 1, 2003.

Massachusetts Electric Operations Restructuring - Beginning March 1, 1998, FG&E implemented its Restructuring Plan under the Massachusetts Restructuring Act. FG&E completed the divestiture of its entire regulated power supply business in 2000 in accordance with the Restructuring Plan. All FG&E distribution customers must pay a transition charge that provides for the recovery of costs associated with FG&E's power portfolio which were stranded as a result of the divestiture of those assets. The plant and Regulatory Asset balances that will be recovered through the transition charge have been approved by the MDTE as part of FG&E's annual Reconciliation Filings. The Restructuring Act also requires FG&E to obtain power for retail customers who choose not to buy energy from a competitive supplier through either SOS or Default Service. FG&E must provide SOS through February 2005 at rate levels which guarantee rate reductions required by the Restructuring Act. New distribution customers and customers no longer eligible for SOS are eligible to receive Default Service at prices set periodically based on market solicitations as approved by regulators. As of December 31, 2002, competitive suppliers were serving approximately 20% of FG&E's load, mainly for large industrial customers.

As a result of the restructuring and divestiture of FG&E's entire generation and purchased power portfolio, FG&E has accelerated the amortization of its stranded electric generation assets and its abandoned investment in Seabrook Station, a nuclear generating unit. FG&E earns an authorized rate of return on the unamortized balance of these Regulatory Assets. In addition, as a result of the rate reduction and rate cap requirements of the Restructuring Act, FG&E has been authorized to defer the recovery of a portion of its transition costs and SOS costs. These unrecovered amounts are also recorded as Regulatory Assets and earn authorized carrying charges until their subsequent recovery in future periods. In 2002, Unitil's earnings derived from these generation-related Regulatory Assets, including carrying charges earned on deferred transition costs and SOS costs, represented approximately 10% of net income. The value of FG&E's Regulatory Assets is approximately $128 million at December 31, 2002, and is expected to be amortized and recovered over the next three to nine years. Earnings from this segment of FG&E's utility business will continue to decline and ultimately cease.

FG&E made a total of four Reconciliation Filings in 1999, 2000, 2001 and 2002. Rate adjustments were approved for effect during the subsequent year, subject to further investigation. In October 2001, the MDTE issued a final Order on FG&E's 1999 Reconciliation Filing which determined the final treatment of Regulatory Assets attributable to stranded generation costs, purchased power costs, and related expenses for the 1999, and future, Reconciliation Filings. FG&E's 2001 Reconciliation Filing, submitted on December 2, 2001, recast its rates from 1998 through 2001 in compliance with the MDTE's final Order on its 1999 filing. On October 15, 2002, the MDTE issued an Order approving a settlement agreement regarding the Company's 2001 filing. Under the approved settlement, FG&E agreed to reduce the carrying charge on deferred transition costs that will be recovered from customers in future years. This change does not affect current electric rates. The MDTE's October 2002 Order and associated settlement resolve many of the issues which otherwise might have been contested in FG&E's future Reconciliation Filings.

FG&E submitted its 2002 Reconciliation Filing on December 20, 2002. Rate adjustments were approved for effect on January 1, 2003, subject to investigation, resulting in a rate reduction of approximately 4.4% for residential SOS customers. The reduction is due to a decrease in the SOS fuel adjustment, which is not subject to the rate cap, and does not affect net income.

Massachusetts Gas Operations Restructuring - Following a three year state-wide collaborative process on the unbundling, or separation, of discrete services offered by natural gas local distribution companies (LDCs), the MDTE approved regulations and tariffs for FG&E and other LDCs to provide full customer choice effective November 1, 2000. The MDTE ruled that LDCs would continue to have an obligation to provide gas supply and delivery services for a five-year transition period, with a review after three years. This review is expected to be initiated in late 2003. The MDTE also required mandatory assignment of LDCs' pipeline capacity to competitive marketers supplying customers during the transition period. This mandatory capacity assignment protects LDCs from exposure to certain stranded gas supply costs during the transition period.

New Hampshire Restructuring - On January 25, 2002, the Company's New Hampshire electric utility subsidiaries, CECo, E&H and Unitil Power, filed a comprehensive restructuring proposal with the NHPUC. This proposal included the introduction of customer choice consistent with New Hampshire's electric utility industry restructuring law, the divestiture of Unitil Power's power supply portfolio, the recovery of stranded costs, the merger of CECo and E&H into one distribution company and new distribution rates for the combined company. On October 25, 2002, the NHPUC approved a multi-party settlement on all major issues in the proceeding, including stranded cost recovery for purchased power contracts. The Company estimates that these recoverable stranded costs are approximately $94.5 million and these were recorded as Power Supply Buyout Obligations and Regulatory Assets at December 31, 2002.

Under Unitil's approved restructuring plan, Unitil also agreed to divest its existing power supply portfolio and conduct a solicitation for new power supplies from which to meet its ongoing Transition and Default Service energy obligations. On February 26, 2003, Unitil filed for final NHPUC approval of the executed agreements resulting from these divestiture and solicitation processes, including final tariffs for stranded cost recovery and Transition and Default Services. The filing proposed a recovery period of approximately eight years for stranded costs. The implementation of customer choice for UES customers is targeted to begin May 1, 2003.

Unitil's restructuring plan is also designed to resolve the pending litigation on this matter. In June 1997, Unitil and other New Hampshire utilities intervened as plaintiffs in a suit filed in U.S. District Court by Northeast Utilities' affiliate Public Service Company of New Hampshire for protection from the NHPUC's Final Plan to restructure the New Hampshire electric utility industry. Although the NHPUC found that CECo and E&H were entitled to full

interim stranded cost recovery, the NHPUC also made certain legal rulings, that, if implemented, could affect UES's long-term ability to recover all of its stranded costs. The Unitil Settlement, approved in October 2002, otherwise resolves all of the issues in the federal court action. Upon receipt the expiration of all periods of appeal with respect to the restructuring proceeding by the NHPUC thereto, UES will implement retail choice and Unitil will withdraw its intervention in this federal court action, with prejudice.

Wholesale Power Market Restructuring - Unitil has also been a participant in the restructuring of the wholesale power market and transmission system in New England, which is subject to FERC jurisdiction. New wholesale markets structured pursuant to FERC's Standard Market Design are expected to be implemented in the New England Power Pool during the first half of 2003 under the general supervision of an Independent System Operator and the regulatory oversight of the FERC.

Rate Proceedings - Prior to 2002, the last formal regulatory filings initiated by the Company to increase base rates for Unitil's retail electric operating subsidiaries occurred in 1985 for CECo, 1984 for FG&E, and 1981 for E&H. The last distribution base rate increase request for FG&E's retail gas operations occurred in 1998. In 2001, FG&E's electric base rates were investigated by the MDTE, which resulted in an electric base rate decrease. A majority of the Company's electric and gas operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, energy efficiency and restructuring-related cost recovery mechanisms. Industry restructuring will continue to change the methods of how certain costs are recovered through the Company's regulated rates and tariffs.

On the gas side, FG&E continues to provide a multi-year refund through its Cost of Gas Adjustment Clause in compliance with the MDTE's May 2001 Order finding that FG&E had over-collected fuel inventory finance charges. At December 31, 2002, the unamortized balance of this refund was $1.3 million. FG&E believes a refund is not justified or warranted and has appealed the MDTE's ruling to the Massachusetts Supreme Judicial Court (SJC). On a preliminary motion, a single justice of the SJC declined to stay the MDTE's Order based on a finding that refunds made by FG&E may be recouped if FG&E prevails on the merits of its claims. The review of the MDTE Order by the SJC is pending.

On October 25, 2002, as part of the electric restructuring settlement for Unitil's New Hampshire utility operations described above, the Company received approval from the NHPUC for an increase of approximately $2.0 million in annual distribution revenues for UES, effective December 1, 2002.

On December 2, 2002, the MDTE issued an Order resulting in distribution rate increases of $2.0 million for FG&E's electric operations and $3.0 million for FG&E's gas operations. Increases for rising gas costs were incorporated into the final gas rates. FG&E's new rates became effective on December 2, 2002.

On April 16, 2002, FG&E filed Performance Based Regulation (PBR) Plans with the MDTE for both electric and gas operations. PBR is a method of setting regulated distribution rates that provides incentives to control costs while maintaining a high level of service quality. Under PBR, a company's earnings are tied to performance targets, and penalties can be imposed for deterioration of service quality. FG&E's PBR Plans were filed in conjunction with FG&E's distribution rate filings, consistent with MDTE policy to implement PBR in the context of base rate cases. The MDTE did not initiate investigations of the filings. On January 6, 2003, the MDTE issued Orders closing the cases. Accordingly, FG&E's PBR plans have no scheduled date of implementation, and conventional cost-based regulation continues to apply.

In December 2002, FG&E and UES filed requests with their respective state regulatory commissions for approval of an accounting Order to mitigate certain accounting requirements related to pension plan assets, which have been triggered by the substantial decline in the capital markets. These requests were granted by the respective state regulatory commissions in December 2002. These approvals allow FG&E and UES to treat the additional minimum pension liability and Prepaid Pension Costs as Regulatory Assets under SFAS No. 71 and avoid the reduction in equity that would otherwise be required by SFAS No. 87. These regulatory Orders do not pre-approve the amount of pension expense to be recovered in future rates. Such recovery will be subject to review and approval in future rate proceedings. Based on these approvals, Unitil has included the amount of the additional minimum pension liabilities and Prepaid Pension Costs of $12.0 million in Regulatory Assets on its balance sheet.

Environmental Matters -

The Company's past and present operations include activities that are subject to extensive federal and state environmental regulations.

Sawyer Passway MGP Site - The Company continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. FG&E proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection (DEP), which allows the Company to work towards temporary remediation of the site. Work performed in 2002 was associated with the five-year review of the Temporary Solution submittal (Class C Response Action Outcome) under the Massachusetts Contingency Plan that was filed for the site in 1997. Completion of this work has confirmed the Temporary Solution status of the site for an additional five years. A status of temporary closure requires FG&E to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Since 1991, FG&E has recovered the environmental response costs incurred at this former MGP site pursuant to a MDTE approved Settlement Agreement (Agreement). The Agreement allows FG&E to amortize and recover from gas customers over succeeding seven-year periods the environmental response costs incurred each year. Environmental response costs are defined to include liabilities related to manufactured gas sites, waste disposal sites or other sites onto which hazardous material may have migrated as a result of the operation or decommissioning of Massachusetts gas manufacturing facilities from 1882 through 1978. In addition, any recovery that FG&E receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between FG&E and its gas customers. The total annual charge for such costs assessed to gas customers cannot exceed five percent of FG&E's total revenue for firm gas sales during the preceding year. Costs in excess of five percent will be deferred for recovery in subsequent years.

Former Electric Generating Station - The Company is remediating environmental conditions at a former electric generating station located at Sawyer Passway, which FG&E sold to WRW, a general partnership, in 1983. Rockware International Corporation (Rockware), an affiliate of WRW, acquired rights to the electric equipment in the building and intended to remove, recondition and sell this equipment. During 1985, Rockware demolished several exterior walls of the generating station in order to facilitate removal of certain equipment. The demolition of the walls and the removal of generating equipment resulted in damage to asbestos-containing insulation materials inside the building, which had been intact and encapsulated at the time of the sale of the structure to WRW.

When Rockware and WRW encountered financial difficulties and failed to respond adequately to Orders of the environmental regulators to remedy the situation, FG&E agreed to take steps at that time and obtained DEP approval to temporarily enclose, secure and stabilize the facility. Based on that approval, between September and December 1989, contractors retained by FG&E stabilized the facility and secured the building. This work did not permanently resolve the asbestos problems caused by Rockware, but was deemed sufficient for the then foreseeable future.

Due to the continuing deterioration of this former electric generating station and Rockware's continued lack of performance, FG&E, in concert with the DEP and the U.S. Environmental Protection Agency (EPA), conducted further testing and survey work during 2001 to ascertain the environmental status of the building. Those surveys revealed continued deterioration of the asbestos-containing insulation materials in the building.

By letter dated May 1, 2002, the EPA notified FG&E that it was a Potentially Responsible Party for planned remedial activities at the site and invited FG&E to perform or finance such activities. FG&E and the EPA have entered into an Agreement on Consent, whereby FG&E, without an admission of liability, will conduct environmental remedial action to abate and remove asbestos-containing and other hazardous materials. FG&E has awarded contracts for all aspects of the abatement work, which is presently ongoing. FG&E received significant coverage from its insurance carrier. The Company believes that these funds will be sufficient to complete this remediation and that resolution of this matter will not have a material adverse impact on the Company's financial position.

The Company has recorded the estimated cost of the remediation action in Current Liabilities and an offsetting asset reflecting insurance proceeds in Current Assets. At the balance sheet date, net of amounts expended in 2002, the remaining project cost was $3.7 million.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers of the Registrant

Information required by this Item is set forth on pages 3 through 7 of the 2002 Proxy Statement as filed with the Securities and Exchange Commission on March 12, 2003.

Item 11. Executive Compensation

Information required by this Item is set forth on pages 12 through 23 of the 2002 Proxy Statement as filed with the Securities and Exchange Commission on March 12, 2003.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information required by this Item is set forth on pages 4 through 7 and pages 16 through 18 of the 2002 Proxy Statement as filed with the Securities and Exchange Commission on March 12, 2003.

Item 13. Certain Relationships and Related Transactions

None

PART IV

Item 14. Controls and Procedures

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, Chief Financial Officer and Controller, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer, Chief Financial Officer and Controller concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings.

There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) and (2) -

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Report of Independent Certified Public Accountants
- Consolidated Balance Sheets - December 31, 2002 and 2001
- Consolidated Statements of Earnings for the years ended December 31, 2002, 2001, and 2000
- Consolidated Statements of Capitalization - December 31, 2002 and 2001
- Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001, and 2000
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2002, 2001, and 2000
- Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of the Company and subsidiaries is included in Item 15(d):

- Schedule II Valuation and Qualifying Accounts for December 31, 2002, 2001, and 2000

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) - List of Exhibits

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company	Exhibit 3.1 to Form S-14 Registration Statement 2-93769
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992 and April 30, 1992	Exhibit 3.2 to Form 10-K for 1992
3.3	By-laws of the Company.	Exhibit 3.2 to Form S-14 Registration Statement 2-93769
3.4	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.5	Articles of Exchange of CECo, E&H, and the Company - Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.6	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (FG&E) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989
3.7	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, FG&E and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Filed herewith
4.2	FG&E Purchase Agreement dated March 20, 1992 for the 8.55% Senior Notes due March 31, 2004	Exhibit 4.18 to Form 10-K for 1993
4.3	FG&E Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.4	FG&E Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.5	FG&E Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.6	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986

Exhibit Number	Description of Exhibit	Reference*
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993
10.4	Form of Severance Agreement dated February 21, 1989, between the Company and the persons named in the schedule attached thereto.	Exhibit 10.55 to Form 8 dated April 12, 1989
10.5	Key Employee Stock Option Plan effective January 17, 1989.	Exhibit 10.56 to Form 8 dated April 12, 1989
10.6	Unitil Corporation Key Employee Stock Option Plan Award Agreement.	Exhibit 10.63 to Form 10-K for 1989
10.7	Unitil Corporation Management Performance Compensation Plan.	Exhibit 10.94 to Form 10-K/A for 1993
10.8	Unitil Corporation Supplemental Executive Retirement Plan effective as of January 1, 1987.	Exhibit 10.95 to Form 10-K/A for 1993
10.9	Unitil Corporation 1998 Stock Option Plan.	Exhibit 10.12 to Form 10-K for 1998
10.10	Unitil Corporation Management Incentive Plan.	Exhibit 10.13 to Form 10-K for 1998
10.11	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.12	Purchase and Sale Agreement For New Haven Harbor.	Exhibit 10.15 to Form 10-K for 1999
10.13	Labor Agreement effective June 1, 2000 between CECo and The International Brotherhood of Electrical Workers, Local Union No. 1837.	Exhibit 10.13 to Form 10-K for 2000
10.14	Labor Agreement effective June 1, 2000 between E&H and The International Brotherhood of Electrical Workers, Local Union No. 1837.	Exhibit 10.14 to Form 10-K for 2000
10.15	Labor Agreement effective June 1, 2000 between FG&E and The Utility Workers of America, AFL-CIO., Local Union No. B340, The Brotherhood of Utility Workers Council.	Exhibit 10.15 to Form 10-K for 2000
10.16	Unitil Corporation 2003 Restricted Stock Plan	Filed herewith
10.17	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP	Filed herewith
11.1	Statement Re: Computation in Support of Earnings per Share For the Company.	Filed herewith

Exhibit Number	Description of Exhibit	Reference*
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Certified Public Accountants	Filed herewith
99.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** Copies of these debt instruments will be furnished to the Securities and Exchange Commission upon request.

(b) Report on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of the year ended December 31, 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Unitil Corporation

Date March 25, 2003 By /s/ Robert G. Schoenberger
Robert G. Schoenberger
Chairman of the Board Directors,
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Principal Executive Officer; Director	March 25, 2003
/s/ Michael J. Dalton Michael J. Dalton	Principal Operating Officer; Director	March 25, 2003
/s/ Mark H. Collin Mark H. Collin	Principal Financial Officer	March 25, 2003
/s/ Albert H. Elfner, III Albert H. Elfner, III	Director	March 25, 2003
/s/ Ross B. George Ross B. George	Director	March 25, 2003
/s/ M. Brian O'Shaughnessy M. Brian O'Shaughnessy	Director	March 25, 2003
/s/ Charles H. Tenney III Charles H. Tenney III	Director	March 25, 2003
/s/ Dr. Sarah P. Voll Dr. Sarah P. Voll	Director	March 25, 2003
/s/ Eben S. Moulton Eben S. Moulton	Director	March 25, 2003

/s/ David P. Brownell - ---------- David P. Brownell	Director	March 25, 2003
/s/ Edward F. Godfrey - ---------- Edward F. Godfrey	Director	March 25, 2003
/s/ Michael B. Green - ---------- Michael B. Green	Director	March 25, 2003

CERTIFICATIONS UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

/s/ Laurence M. Brock

Laurence M. Brock
Controller, Unitil Service Corp.

SCHEDULE II

UNITIL CORPORATION

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts (A)	Deductions from Reserves (B)	Balance at End of Period
Year Ended December 31, 2002					
Reserves Deducted from A/R					
Electric	$ 457,657	$ 323,401	$ 138,010	$ 646,869	$ 272,199
Gas	142,842	294,051	64,571	401,164	100,300
	$ 600,499	$ 617,452	$ 202,581	$ 1,048,033	$ 372,499
Year Ended December 31, 2001					
Reserves Deducted from A/R					
Electric	$ 452,872	$ 940,590	$ 86,161	$ 1,021,080	$ 457,657
Gas	142,810	54,162	656,952	711,082	142,842
	$ 595,682	$ 994,752	$ 743,113	$ 1,732,162	$ 600,499
Year Ended December 31, 2000					
Reserves Deducted from A/R					
Electric	$ 464,797	$ 455,353	$ 81,286	$ 548,564	$ 452,872
Gas	133,803	48,202	413,277	452,472	142,810
	$ 598,600	$ 503,555	$ 494,563	$ 1,001,036	$ 595,682
	$ 646,084	$ 807,059	$ 178,881	$ 1,033,424	$ 598,600

(A) Collections on Accounts Previously Charged Off
(B) Bad Debts Charged Off

Twelfth Supplemental Indenture

Unitil Energy Systems, Inc.
(successor to Concord Electric Company)

to

U.S. Bank National Association, Trustee

Dated as of December 2, 2002

Amending and Restating the
Concord Electric Company Indenture of Mortgage and Deed of Trust

Dated as of July 15, 1958

In Connection With the Merger of
Exeter & Hampton Electric Company
into Concord Electric Company

Concord Electric Company

Twelfth Supplemental Indenture
Dated as of December 2, 2002

Table of Contents

This Twelfth Supplemental Indenture is dated as of December 2, 2002 and entered into by and between Unitil Energy Systems, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New Hampshire, having its principal office and place of business in Hampton, County of Rockingham in the State of New Hampshire (hereinafter sometimes referred to as the "Company"), and U.S. Bank National Association, a national banking association (successor to Old Colony Trust Company), having an office and place of business in Boston, Massachusetts, as Trustee (hereinafter sometimes referred to as the "Trustee"), with reference to the following Recitals:

Recitals

The background of this Twelfth Supplemental Indenture is:

A. The Company has heretofore executed and delivered to the Trustee its Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (hereinafter sometimes referred to as the "Original Indenture") and has executed and delivered to the Trustee, the following supplemental indentures thereto: (a) a First Supplemental Indenture dated as of January 15, 1968, (b) a Second Supplemental Indenture dated as of November 15, 1971, (c) a Third Supplemental Indenture dated as of July 1, 1975, (d) a Fourth Supplemental Indenture dated as of March 28, 1984, (e) a Fifth Supplemental Indenture dated as of June 1, 1984, (f) a Sixth Supplemental Indenture dated as of October 29, 1987, (g) a Seventh Supplemental Indenture dated as of August 29, 1991, (h) an Eighth Supplemental Indenture dated as of October 14, 1994, (i) a Ninth Supplemental Indenture dated as of September 1, 1998, (j) a Tenth Supplemental Indenture dated as of January 15, 2001 and (k) an Eleventh Supplemental Indenture dated as of April 20, 2001 (the Original Indenture and such supplemental indentures being sometimes collectively referred to as the "Indenture") for the purpose of securing Bonds of the Company to be issued in series from time to time in the manner and subject to the conditions set forth in the indenture;

B. There are presently issued and outstanding under the Indenture the following Bonds in the following principal amounts and with the maturity dates indicated:

(i) $6,000,000 aggregate principal amount of the Company Series I, 8.49% Bonds due October 14, 2024;

(ii) $10,000,000 aggregate principal amount of the Company Series J, 6.96% Bonds due September 1, 2028; and

(iii) $7,500,000 aggregate principal amount of the Company Series K, 8.00% Bonds due May 1, 2031;

C. Exeter & Hampton Electric Company ("Exeter") has executed and delivered to U.S. Bank National Association, a national banking association (successor to Old Colony Trust Company), as Trustee, its Indenture of Mortgage and Deed of Trust dated as of December 1, 1952 (hereinafter sometimes referred to as the "Original Exeter Indenture") and has executed and delivered to such Trustee, the following supplemental indentures thereto: (a) a First

Supplemental Indenture dated as of January 16, 1956, (b) a Second Supplemental Indenture dated as of January 15, 1960, (c) a Third Supplemental Indenture dated as of June 1, 1964, (d) a Fourth Supplemental Indenture dated as of January 15, 1968, (e) a Fifth Supplemental Indenture dated as of November 15, 1971, (f) a Sixth Supplemental Indenture dated as of April 1, 1974, (g) a Seventh Supplemental Indenture dated as of December 15, 1977, (h) an Eighth Supplemental Indenture dated as of October 28, l987, (i) a Ninth Supplemental Indenture dated as of August 29, 1991, (j) a Tenth Supplemental Indenture dated as of October 14, 1994, (k) an Eleventh Supplemental Indenture dated as of September 1, 1998 and (l) a Twelfth Supplemental Indenture dated as of April 20, 2001 (the Original Exeter Indenture and such supplemental indentures being sometimes collectively referred to as the "Exeter Indenture") for the purpose of securing Bonds of Exeter to be issued in series from time to time in the manner and subject to the conditions set forth in the indenture;

D. There are presently issued and outstanding under the Exeter Indenture the following Bonds (the "Exeter Bonds") in the following principal amounts and with the maturity dates indicated:

(i) $9,000,000 aggregate principal amount of the Exeter Series K, 8.49% Bonds due October 14, 2024;

(ii) $10,000,000 aggregate principal amount of the Exeter Series L, 6.96% Bonds due September 1, 2028; and

(iii) $7,500,000 aggregate principal amount of the Exeter Series M, 8.00% Bonds due May 1, 2031;

E. Prior to the Merger Date (as hereinafter defined), both the Company and Exeter were wholly-owned subsidiaries of Unitil Corporation, a registered holding company under the Public Utility Holding Company Act of 1935, as amended. On December 2, 2002 (the "Merger Date"), Unitil Corporation combined all of the operations of the Company and Exeter through the merger of Exeter into the Company (the "Merger") pursuant to an Agreement and Plan of Merger dated as of November 26, 2002 between the Company and Exeter (the "Merger Agreement"). On the Merger Date the Company assumed all of the obligations of Exeter under the Exeter Indenture and the Exeter Bonds pursuant to a Consent and Agreement dated as of November 26, 2002 among Exeter, the Company and the holders of the Exeter Bonds and the Bonds outstanding under the Indenture;

F. On January 24, 2003 (the "Closing Date"), (i) each holder of an Exeter Bond will exchange such Exeter Bond for a bond issued by the Company under the Indenture containing substantially the same terms and provisions as such Exeter Bond (all such exchanges being collectively, the "Exchange"), (ii) the Exeter Indenture will be cancelled and discharged and (iii) the Exeter Bonds will be cancelled;

G. The Company, in the exercise of the power and authority conferred upon or reserved to it by the provisions of the Indenture and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustee

this Twelfth Supplemental Indenture (hereinafter sometimes referred to as the "Twelfth Supplemental Indenture") in order to amend and restate the Indenture in connection with the Merger which will be effective as of the Merger Date;

H. Exeter has obtained and filed with the Trustee the written consent of the holders of the Exeter Bonds to the Exchange and to the restatement of and other amendments to the Indenture which are hereinafter set forth;

I. The Company has also obtained and filed with the Trustee the written consent of the holders of all of the Bonds under the Indenture outstanding prior to the Merger to the restatement of and the other amendments to the Indenture which are hereinafter set forth;

J. The Company has determined that all conditions and requirements necessary to make this Twelfth Supplemental Indenture, in the form and terms hereof, a valid, binding and legal agreement in accordance with its terms and the purposes herein expressed, have been performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized;

Now, Therefore, in consideration of the premises and of the sum of One Dollar ($1.00) duly paid by the Trustee to the Company at or before the delivery of these presents, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Company hereby covenants and agrees with the Trustee, and its successors in the trust under the Indenture, for the equal benefit of all present and future bondholders as follows:

Part One
Restatement of Indenture

The first Whereas paragraph and all provisions of the Original Indenture which follow such paragraph including, without limitation, the Granting Clauses and Articles I through XVI of such Original Indenture, and all of the indentures supplemental thereto other than this Twelfth Supplemental Indenture, are hereby amended and restated in their entirety to read as follows, provided that this restatement shall not affect any specific terms or provisions of the Bonds outstanding contained in the Bonds themselves except as herein or hereinafter otherwise provided and the form of bond hereinafter issued under the Indenture shall only be in registered form and the form of such bond to be used hereinafter is set forth in Exhibit A hereto:

Whereas, the Company has duly authorized by law to issue, sell or otherwise dispose of its obligations for its lawful corporate purposes and to secure the payment of such obligations by a first mortgage and deed of trust of and upon its properties, rights, privileges and franchises now owned or hereafter acquired; and

Whereas the Company has deemed it necessary and advisable to borrow money from time to time to retire its obligations and for other proper corporate purposes, and to issue its Bonds therefor, and to mortgage and pledge its property hereinafter described to secure the payment of said Bonds, and to that end has authorized and directed the issue of its Bonds from time to time limited in aggregate principal amount as hereinafter provided, to be designated as its

First Mortgage Bonds, to be issuable in one or more series, to be fully registered Bonds without coupons, to bear such date or dates, to mature on such date or dates, to bear interest at such rates and to contain and enjoy or to be subject to such provisions as shall be determined by the Board of Directors of the Company prior to the issue thereof; and

Whereas all things necessary to make the said Bonds, when authenticated by the Trustee and issued as in this Indenture provided, valid, binding and legal obligations of the Company, and to constitute this Indenture a valid first mortgage and deed of trust to secure the payment of the principal of and interest on all Bonds issued hereunder, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issue of said Bonds subject to the terms hereof have in all respects been duly authorized;

Now, Therefore, This Indenture Witnesseth that, in consideration of the premises and of the sum of $1 duly paid to the Company by the Trustee, and of other good and valuable consideration, receipt whereof upon the ensealing and delivery of this Indenture the Company hereby acknowledges, and in order to secure the equal pro rata payment (except as herein otherwise provided) of both the principal of and the interest on all of the Bonds at any time authenticated, issued and outstanding hereunder, according to their tenor, purport and effect and the provisions hereof, and to secure the faithful performance and observance of all the covenants, obligations, conditions and provisions therein and herein contained;

The Company has given, granted, bargained, sold, warranted, pledged, assigned, transferred, mortgaged and conveyed, and by these presents does give, grant, bargain, sell, warrant, pledge, assign, transfer, mortgage and convey, unto the Trustee and its successors in the trusts hereof, and its and their assigns, all and singular the following described property and rights and interests in property, whether now owned or hereafter acquired by the Company (all of the foregoing, with all other property and rights and interests in property intended to be hereby conveyed, mortgaged, transferred, and assigned, or at any time conveyed, mortgaged, pledged, transferred, assigned or delivered, and all proceeds of any of the foregoing at any time conveyed, mortgaged, transferred, assigned, paid or delivered to and from time to time held by the Trustee upon the trusts hereof, being herein generally called, collectively, the "Mortgaged Property" or "Trust Estate") and grants a security interest therein as permitted by applicable law;

All real estate and rights and interests in and to real estate, all plants, stations, structures, lines, facilities and other physical property used or useful in the business of generating, producing, transmitting, distributing, utilizing or purchasing electricity, including all machinery, equipment, tools and other tangible personal property used or useful in connection therewith, all dams, reservoirs, water, flowage and riparian rights and all franchises, licenses, permits, easements and rights of way used or useful in connection with said business, and all other property wherever located and of whatever nature, whether real, personal or mixed, in all cases not specifically reserved and excepted, and whether now owned or hereafter acquired by the Company, including, without limiting the generality of the foregoing, all property specifically described in Schedule A hereto;

Also any and all cash, stocks, shares, bonds, notes, securities and other property which at any time hereafter, by delivery or writing of any kind for the purposes hereof, may be expressly

conveyed, mortgaged, pledged, delivered, assigned, transferred or paid to or deposited with the Trustee hereunder by the Company or by a successor corporation, or with its consent by any one in its behalf, as and for any additional security for the Bonds issued and to be issued hereunder, the Trustee being authorized at any and all times to receive such conveyance, mortgage, pledge, delivery, assignment, transfer, payment or deposit, and to hold and apply any and all such cash, stocks, shares, bonds, notes, securities and other property in accordance with the provisions hereof and/or of such writing;

Together With all the Company's now-existing or hereafter acquired right, title and interest in and to any and all physical property of the Company, now or hereafter subject to any prior mortgage, pledge, charge and/or other encumbrance or lien, and the cash and/or other proceeds therefrom, to the extent that such property, cash and/or proceeds shall not be otherwise held and/or applied pursuant to the requirements of any such mortgage, pledge, charge and/or other encumbrance or lien;

And Together With all and singular the now-existing and hereafter-acquired rights, privileges, tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with all reversion and reversions, remainder and remainders and, subject to the provisions of Article X hereof, all rents, revenues, income, issues and profits thereof, and all the estate, right, title, interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire, in and to all and every part of the foregoing, it being the intention to include herein and to subject to the lien hereof all land, interests in land, real estate, equipment, machinery and other physical assets and all franchises whether now owned by the Company or which it may hereafter acquire and wherever situated, as if the same were now owned by the Company and were specifically described and conveyed hereby, except as hereinafter specified;

Subject, However, in so far as affected thereby, to any Permitted Encumbrances as defined in Section 1.01, and, as to the property specifically described in Schedule A hereto, to the liens, encumbrances, reservations, restrictions, conditions, limitations, covenants, interests and exceptions, if any, set forth or referred to in the descriptions thereof contained in said Schedule A, none of which substantially interferes with the free use and enjoyment by the Company of the property and rights hereinbefore described for the general purposes and uses of the Company's electric business;

And Subject Further, as to all hereafter-acquired property of any character hereinbefore described, in so far as affected thereby, to any mortgages, encumbrances or liens on such after-acquired property existing at the time of such acquisition or contemporaneously created, conforming to the provisions of Section 8.07 hereof;

But Specifically Reserving, Excepting and Excluding from this Indenture, and from the grant, conveyance, mortgage, transfer and assignment herein contained (sometimes hereinafter called "Excepted Property"):

(a) all property, permits, licenses, franchises and rights, whether now owned or hereafter acquired by the Company, which are intended to be hereby granted, conveyed,

mortgaged, transferred and assigned (exclusive of property specifically described in Schedule A hereto), but which cannot be so granted, conveyed, mortgaged, transferred or assigned without the consent of other parties whose consent is not, after reasonable effort, secured, or without subjecting the Trustee to a liability not otherwise contemplated by the provisions of this Indenture, or which otherwise may not be hereby lawfully and/or effectively granted, conveyed, mortgaged, transferred and assigned by the Company;

(b) the last day of the term of each leasehold estate (oral or written, and/or any agreement therefor) now or hereafter enjoyed by the Company, and whether falling within a general or particular description of property herein;

(c) all the Company's present and future fuel, merchandise held for sale, cash on hand or in bank, books, choses in action, contracts, shares of stock, bonds and other securities, documents and accounts and bills receivable (except proceeds of the trust estate, and insurance and other moneys, and purchase money obligations, required by, the provisions hereof to be paid to or deposited with the Trustee), and materials, stores, supplies and other personal property which are consumable (otherwise than by ordinary wear and tear) in their use in the operation of the plants or systems of the Company; and

(d) all property of the Company which is not Public Utility Property and which has been duly released by the Trustee from the lien hereof pursuant to Section 10.04A and is still owned by the Company.

To Have and to Hold the Trust Estate, with all of the privileges and appurtenances thereunto belonging, unto the Trustee, its successors in the trusts hereof, and its and their assigns, to its and their own use, forever;

But in Trust Nevertheless for the equal pro rata benefit, security and protection (except as provided in Section 8.14 of this Indenture and except insofar as a sinking, improvement or analogous fund or funds, established in accordance with the provisions of this Indenture, may afford particular security for Bonds of one or more series) of the registered owners of the Bonds from time to time authenticated, issued and outstanding hereunder, without (except as aforesaid) any preference, priority or distinction whatever of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise;

Provided, However, and these presents are upon the condition, that if the Company shall pay or cause to be paid the principal of and premium, if any, and interest on the Bonds at the times and in the manner therein and herein provided, and shall keep, perform and observe all and singular the covenants, agreements and provisions in the Bonds and in this Indenture expressed to be kept, performed and observed by or on the part of the Company, then this Indenture and the estate and rights hereby granted shall, pursuant to the provisions of Article XIII hereof, cease, determine and be void, but otherwise shall be and remain in full force and effect.

The Company hereby declares that it holds and will hold and apply all property described in the foregoing clauses (a), (b) and (c) in the fourth preceding paragraph as specifically reserved

and excepted upon the trusts herein set forth and as the Trustee (or any purchaser thereof upon any sale thereof hereunder) shall for such purpose direct from time to time, to the fullest extent permitted by law or in equity, as fully as if the same could be and had been hereby granted, conveyed, mortgaged, transferred and assigned to and vested in the Trustee.

This Indenture Further Witnesseth and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said mortgaged property and trust estate is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed and the Company has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders, from time to time, of the said Bonds or any part thereof as follows, that is to say:

Article I

Definitions

Section 1.01. Definitions. As hereinafter used in this Indenture each of the following terms shall be construed to have the meaning hereinafter specified respectively, unless otherwise clearly indicated by the context.

"Acceptable Bank" means any bank or trust company (including the Trustee and its affiliates) (i) which is organized under the laws of the United States of America or any State thereof, (ii) which has capital, surplus and undivided profits aggregating at least $100,000,000, and (iii) whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank or trust company) shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"Affiliate" means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Annual Interest Requirements" has the meaning set forth in Section 4.02(C).

"Available Bonds" means Bonds issued under and secured by the lien of this Indenture, which have been purchased or redeemed by the Company but have not been either (a) redeemed by the use of any money deposited with the Trustee for the purposes of any sinking or

improvement fund; (b) redeemed with moneys deposited with the Trustee pursuant to Section 8.10, 8.12, 10.03, 10.04 or 10.04A and applied to such redemption pursuant to Section 11.02 or 11.03; or (c) theretofore used as the basis for the issue of Bonds under Article V, or delivered to the Trustee in lieu of payments for any sinking or improvement fund or credited under any other requirement hereof.

Bonds for the redemption of which moneys shall have been or are concurrently being deposited with the Trustee shall be deemed to have been redeemed within the meaning of this definition, provided that notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made therefor, or such notice shall have been waived.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of said board.

"Board Resolution" means a copy of a resolution certified by the Secretary or Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect, and delivered to the Trustee.

"Bond" or "Bonds" means any bond or bonds that have been or may be issued under this Indenture.

"Bonded" has the meaning set forth in Section 4.01(G).

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks in Boston, New York or New Hampshire are required or authorized to be closed.

"Certificate of Net Bondable Expenditures" has the meaning set forth in Section 4.01(I).

"Closing Date" has the meaning set forth in paragraph F of the Recitals.

"Company" means Concord Electric Company (prior to the Merger Date) and Unitil Energy Systems, Inc. (successor to Concord Electric Company on and after the Merger Date), and, subject to the provisions of Article XII hereof, its successors and assigns.

"Company Post-Merger Bondable Expenditures" has the meaning set forth in Section 4.01(H).

"Company Post-Merger Bonded Expenditures" has the meaning set forth in Section 4.01(G).

"Company Post-Merger Gross Expenditures for Property Additions" has the meaning set forth in Section 4.01(C).

"Company Post-Merger Net Expenditures" has the meaning set forth in Section 4.01(F).

"Company Post-Merger Net Retirements" has the meaning set forth in Section 4.01(E).

"Company Post-Merger Property Additions" has the meaning set forth in Section 4.01(A).

"Company Pre-Merger Bondable Expenditures" has the meaning set forth in Section 4.01(H).

"Company Pre-Merger Bonded Expenditures" has the meaning set forth in Section 4.01(FG).

"Company Pre-Merger Gross Expenditures for Property Additions" has the meaning set forth in Section 4.01(C).

"Company Pre-Merger Net Expenditures" has the meaning set forth in Section 4.01(F).

"Company Pre-Merger Net Retirements" has the meaning set forth in Section 4.01(E).

"Company Pre-Merger Property Additions" has the meaning set forth in Section 4.01(A).

"Default" means any event, which would with the lapse of time or the giving of notice, or both, become an Event of Default.

"Earnings Available for Interest Charges" has the meaning set forth in Section 4.02(B).

"Earnings Available for Interest Charges Certificate" has the meaning set forth in Section 4.02(C).

"Engineer" means an individual, co-partnership or corporation engaged in an engineering business or employed by the Company to pass upon engineering questions.

"Engineer's Certificate" means a certificate signed and verified by an engineer (who, except during the continuance of a Default and except as otherwise provided herein, may be an employee of the Company) appointed by the Board of Directors of the Company.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"Event of Default" has the meaning set forth in Section 14.01.

"Excepted Property" has the meaning stated in the third paragraph following the Granting Clauses.

"Exchange" has the meaning set forth in paragraph E of the Recitals.

"Exchange Bonds" has the meaning set forth in Article III.

"Exeter" means Exeter & Hampton Electric Company.

"Exeter Bonds" has the meaning set forth in paragraph D of the Recitals.

"Exeter Indenture" has the meaning set forth in paragraph C of the Recitals.

"Exeter Pre-Merger Bondable Expenditures" has the meaning set forth in Section 4.01(H).

"Exeter Pre-Merger Bonded Expenditures" has the meaning set forth in Section 4.01(G).

"Exeter Pre-Merger Gross Expenditures for Property Additions" has the meaning set forth in Section 4.01(C).

"Exeter Pre-Merger Net Expenditures" has the meaning set forth in Section 4.01(F).

"Exeter Pre-Merger Net Retirements" has the meaning set forth in Section 4.01(E).

"Exeter Pre-Merger Property Additions" has the meaning set forth in Section 4.01(A).

"Fixed Property" has the meaning set forth in Section 4.01(A).

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Gross Expenditures" has the meaning set forth in Section 4.01(C).

"Gross Expenditures for Property Additions" has the meaning set forth in Section 4.01(C).

"Gross Operating Revenues" has the meaning set forth in Section 4.02(A).

"Indenture" means this instrument, together with any and all indentures which may hereafter be made supplemental hereto.

"Independent Engineer" means any Engineer who has no specific interest, direct or indirect, in the Company and, in the case of an individual, is not a director, officer or employee of the Company and, in the case of a co-partnership or organization, does not have a partner, director, official or employee who is a director, official or employee of the Company.

"Independent Engineer's Certificate" means a certificate signed and verified by an Independent Engineer.

"Institutional Holder" means any insurance company, bank, savings and loan association, trust company, investment company, charitable foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution.

"Investment" means any investment or acquisition, made in cash or by delivery of property by the Company or any of its Subsidiaries (i) in any Person, whether by acquisition of stock, indebtedness or other obligation or security, or by loan, guaranty, advance, capital contribution or otherwise, or (ii) in any property.

"Make Whole Amount" has the meaning set forth in Section 14.02.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"Merger" has the meaning set forth in paragraph E of the Recitals.

"Merger Agreement" has the meaning set forth in paragraph E of the Recitals.

"Merger Date" has the meaning set forth in paragraph E of the Recitals.

"Merger Date Series" has the meaning set forth in Article III.

"Moody's" means Moody's Investors Service, Inc.

"Mortgaged Property" or "Trust Estate" means the assets of the Company now or hereafter subject or subjected to the lien of this Indenture.

"Net Bondable Expenditures" has the meaning set forth in Section 4.01(H).

"Net Bondable Expenditures for Property Additions" has the meaning set forth in Section 4.01(H).

"Net Expenditures" has the meaning set forth in Section 4.01(F).

"Net Expenditures for Property Additions" has the meaning set forth in Section 4.01(F).

"Net Income" has the meaning set forth in Section 8.15.

"Net Retirements" has the meaning set forth in Section 4.01(E).

"New Gross Expenditures" has the meaning set forth in Section 4.01(I).

"New Property Additions" has the meaning set forth in Section 4.01(I).

"Officers' Certificate" means a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company. Each Officers' Certificate shall, if required by Section 16.07, contain the statements provided for in said Section.

"Opinion of Counsel" means an opinion in writing signed by legal counsel satisfactory to the Trustee, who, except during the continuance of a Default, may be of counsel to the Company. Each Opinion of Counsel shall, if required by Section 16.07, contain the statements provided for in said Section.

"Order of the Company" means a written instrument signed and verified by the President or a Vice-President and either by the Secretary or the Clerk or the Treasurer or an Assistant Treasurer of the Company requesting or directing the particular action in question to be taken.

"Outstanding" shall mean, when used with reference to Bonds or to Bonds of a specified series, all Bonds which have been authenticated and delivered under this Indenture or all Bonds of the series specified which have been so authenticated and delivered except:

(a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which moneys shall have theretofore been irrevocably deposited with the Trustee (whether upon or prior to the maturity or redemption date of said Bonds), provided that if such Bonds are to be redeemed or paid prior to the maturity thereof, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made therefor or such notice shall have been waived; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Section 2.11;

and, whenever such term is used with reference to any action or nonaction which may be requested or taken by or to which objection may be made by the owners or holders of a specified percentage or proportion of Bonds outstanding hereunder, or of Bonds of a specified series outstanding hereunder, Bonds directly or indirectly owned or held by or for the account of, or for the benefit or interest of, the Company or any other obligor upon the Bonds or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding.

"Permitted Encumbrances" means as of any particular time any of the following:

(a) liens for taxes, assessments or governmental charges not then delinquent or the validity of which the Company is contesting in good faith (unless thereby in the opinion of counsel any of the trust estate will be in danger of being lost or forfeited), liens for workmen's compensation awards and similar obligations not then delinquent and liens for judgments, payment of which in the opinion of counsel has been adequately secured;

(b) any obligations or duties, affecting the property of the Company, to any municipality or public authority with respect to any franchise, grant, license or permit, provided, however, that such franchise, grant, license or permit does not give such municipality or public authority any right to purchase property at less than its fair value;

(c) the license from the Federal Power Commission issued under the provisions of the Federal Power Act of 1935, so-called, and any modification or renewal of such license, under the terms of which the United States of America has the right to acquire the Company's Sewalls Falls hydro-electric plant and certain associated transmission lines by purchase at the expiration of such license for a sum equal to the net investment of the Company in the plant;

(d) building or building line restrictions or agreements, easements, exceptions or reservations in any property of the Company for the purpose of roads, streets, pipe lines, sewer lines or mains, water lines, ditches, railroad rights-of-way, telephone, telegraph or electric transmission lines and other like purposes and which, as shown by an Engineer's Certificate, do not impair the use of such property for the purposes for which it is held by the Company;

(e) liens for laborers' and materialmen's services and materials, but only so long as payment for such labor or material is not yet owing under the terms of employment or the purchase of materials;

(f) liens, neither assumed by the Company nor on which it customarily pays interest charges, existing upon real estate or rights in or relating to real estate acquired by the Company for substation, transmission line or right of way purposes;

(g) liens, encumbrances, reservations, restrictions, conditions, limitations, covenants, interests and exceptions, if any, set forth or referred to in Schedule A attached hereto on property now owned by the Company; and

(h) any mortgage, loan or encumbrance securing indebtedness or obligations permitted under Section 8.07 or Section 12.02.

"Person" shall mean an individual, partnership, corporation, limited liability company, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Prime Rate" has the meaning set forth in Section 15.13.

"Property Additions" has the meaning set forth in Section 4.01(A).

"Public Utility Property" has the meaning set forth in Section 10.04(A).

"Purchased Property" has the meaning set forth in Section 4.01(B).

"Resolution" means a copy of a resolution certified by the Secretary, the Clerk or any Assistant Secretary of the Company under the corporate seal of the Company to have been duly adopted by the Board of Directors and to remain in full force and effect without alteration or with only such alterations as are specified in such certificate.

"Responsible Officer", when used with respect to the Trustee, shall mean (i) if U.S. Bank National Association is acting as Trustee, any Vice President or any officer in the Corporate Trust Services Department who is responsible for the administration of the trust under the Indenture, or (ii) when any successor is acting as Trustee, any Vice President or any officer in the department of such successor who is responsible for the administration of the trust under the Indenture.

"Restated Indenture" means this Twelfth Supplemental Indenture which amends and restates the Indenture.

"Retirements" has the meaning set forth in Section 4.01(D).

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc.

"Series I, 8.49% Bonds" has the meaning set forth in Article III.

"Series J, 6.96% Bonds" has the meaning set forth in Article III.

"Series K, 8.00% Bonds" has the meaning set forth in Article III.

"Series L, 8.49% Bonds" has the meaning set forth in Article III.

"Series M, 6.96% Bonds" has the meaning set forth in Article III.

"Series N, 8.00% Bonds" has the meaning set forth in Article III.

"Stockholders Resolution" means a copy of a resolution certified by the Clerk or the Secretary or any Assistant Secretary of the Company under the corporate seal of the Company to have been duly adopted by the stockholders of the Company entitled to vote upon the subject of such resolution and to remain in full force and effect without alteration or with only such alterations as are specified in such certificate.

"Subsidiary" shall mean any corporation which has more than fifty percent (50%) of its outstanding Voting Stock owned at the time of reference, directly or indirectly, by the Company, or by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

"Trustee" means U.S. Bank National Association and, subject to the provisions of Article XV hereof, its successors as trustee in the trust hereby created.

"Trust Estate" or "Mortgaged Property" means the assets of the Company now or hereafter subject or subjected to the lien of this Indenture.

"Trust Moneys" has the meaning set forth in Section 11.01.

"Underlying Mortgage" means a mortgage lien or other lien or charge (exclusive of permitted encumbrances) prior to the lien of this Indenture upon any property, plant or equipment acquired by the Company after the execution and delivery of this instrument.

"United States Governmental Security" means any direct obligation of, or obligation guaranteed by, the United States of America, or any agency controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, so long as such obligation or guarantee shall have the benefit of the full faith and credit of the United States of America which shall have been pledged pursuant to authority granted by the Congress of the United States of America.

"Voting Stock" shall mean stock of any class or classes having ordinary voting power for the election of a majority of the directors of such corporation, other than stock having such power only by reason of the happening of a contingency.

Article II

General Provisions as to the Bonds

Section 2.01. General Limitations. This Indenture creates a continuing lien to secure the payment of the principal of and interest on all Bonds which may, from time to time, be issued, authenticated and delivered hereunder. All Bonds issued under and in pursuance of this Indenture and at any time Outstanding, shall be in all respects, subject to the provisions and qualifications in this Indenture contained, and except as any sinking or other fund established in accordance with the provisions of this Indenture may afford additional security for the Bonds of any particular series, equally and ratably secured hereby without preference, priority or distinction, on account of the actual time or times of the issue of said Bonds, or any of them, so that all Bonds at any time Outstanding shall have the same rights, lien and preferences under and by virtue of this Indenture, and shall all be equally secured hereby, subject to the provisions and qualifications in this Indenture contained, and except as any sinking or improvement or other fund established in accordance with the provisions of this Indenture may afford additional security for the Bonds of any particular series, with like effect as if they had all been authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be authenticated or delivered, or sold or disposed of at some future date.

Section 2.02. General Designation. The Bonds issued under and secured by this Indenture shall be issuable in series and shall be designated by suitable descriptive words which shall always include the words "First Mortgage," with appropriate insertions and changes and designations in such title descriptive of the respective series of Bonds, as may be determined by the Board of Directors and set forth in the indenture supplemental hereto creating such series (or, with respect to the Exchange Bonds, as set forth in the appropriate Exhibit hereto setting forth

the terms and provisions of such Exchange Bonds). The text of the Bonds and of the certificate of the Trustee shall be substantially of the tenor and purport of the Bonds set forth in Exhibit A attached hereto and made a part hereof, with appropriate insertions, omissions, substitutions and variations, in case of Bonds of different denominations and different series, prescribed by the indenture supplemental hereto by which such Bonds shall be created as provided in Section 2.05, and in all other respects not inconsistent with the terms of this Indenture. The Board of Directors may, at the time of the creation of any series, or at any time thereafter, limit the maximum principal amount of Bonds of such series which may be issued and an appropriate insertion in respect of such limitation may, but need not, be made in the Bonds of such series.

Section 2.03. Series of Bonds. All Bonds of the same series shall be identical in tenor and effect, except as hereinafter in this Section provided, and except that the same may be of different denominations, shall consist of registered Bonds without coupons, and may contain such variations in tenor and effect as are incidental to such differences. Each Bond of each series shall be dated as of the last interest payment date to which interest was paid upon Bonds of such series, unless issued on an interest payment date to which interest was paid upon Bonds of such series, in which event it shall be dated as of the date of issue, or if the date of issue shall be a date prior to the first interest payment date for the Bonds of such series, then unless the supplemental indenture pursuant to which the Bonds of such Series are being created and issued provides otherwise, such Bonds shall bear interest from, and shall be dated as of, the date of initial issuance of such Bonds. Each such Bond shall bear interest from the date thereof.

Section 2.04. Form and Denomination. The form and text of the Bonds of each series shall be established by the provisions of the supplemental indenture creating such series. The Bonds of each series shall be of such denomination or denominations, interchangeable as between denominations or not so interchangeable, as shall be determined by the Board of Directors at the time such series is created. The Bonds of each series shall be payable on such date or dates as may be fixed by the Board of Directors at the time the series is created. Every order of the Company calling for the authentication and delivery of Bonds shall specify the denomination and series, permitted by the terms of this Indenture, in which the Bonds shall be issued and authenticated.

All Bonds shall be payable as to principal, interest and premium, if any, in lawful money of the United States of America.

Section 2.05. Supplemental Indenture Creating New Series. The Bonds of each series (other than the Exchange Bonds) shall be created by an indenture supplemental hereto, authorized by a Resolution and delivered to the Trustee. Such supplemental indenture shall include such lawful provisions consistent with the terms of this Indenture as the Board of Directors shall prescribe:

(1) With respect to the payment of the principal of and interest on the Bonds of such series without deduction for and/or with respect to reimbursement of specified taxes, assessments or other governmental charges;

(2) With respect to the right of the Company to redeem Bonds of such series, the redemption price or prices at which they may be redeemed and the time or times, the class or classes, and the manner of their redemption;

(3) With respect to sinking or improvement funds; and

(4) With respect to serial maturities, exchangeability, convertibility or other special terms and conditions, including the issuance of Bonds which are to be issued in exchange for other securities.

Section 2.06. Request for Authentication and Delivery of Bonds. Whenever requesting the authentication and delivery of any Bonds issuable under Articles IV, V or VI, the Company shall furnish the Trustee, in addition to any other instruments elsewhere in this Indenture required, the following:

(1) A Resolution requesting the Trustee to authenticate and deliver the Bonds, specifying the series, maturities (if Bonds of such series are of serial maturities), and principal amount of Bonds called for, and designating the officer or officers of the Company to whom or upon whose order they shall be delivered;

(2) In case the Bonds to be authenticated and delivered are of a series not theretofore created, an indenture supplemental hereto authorized by a Resolution as prescribed by Section 2.05 (all Bonds of such series which may be executed, authenticated and delivered hereunder shall conform to the terms expressed in such supplemental indenture); and

(3) An Opinion of Counsel that all instruments furnished the Trustee conform to the requirements of this Indenture, constitute sufficient authority under this Indenture for it to authenticate and deliver the Bonds applied for, that said Bonds when issued and delivered will be valid and duly secured by the lien of this Indenture, and that all laws and requirements in respect of the authentication and delivery thereof by the Trustee have been complied with.

Section 2.07. Execution, Authentication, Delivery. All Bonds issued hereunder and secured hereby from time to time shall be executed on behalf of the Company by its President or a Vice-President, and its corporate seal shall be thereunto affixed and attested by its Treasurer or an Assistant Treasurer. The Bonds shall then be delivered to the Trustee for authentication by it, and thereupon, upon compliance with the requirements of and as provided in this Indenture and not otherwise, the Trustee shall authenticate and deliver the same.

In case any officer who shall have signed, sealed or attested any of said Bonds shall cease to be an officer of the Company before the Bonds so signed, sealed or attested shall have been authenticated or delivered by the Trustee, or issued, such Bonds may nevertheless be issued, authenticated and/or delivered as though such person who signed, sealed or attested such

Bonds had not ceased to be an officer of the Company and also any Bond may be signed, sealed or attested on behalf of the Company by such person as at the actual date of the execution of such Bond shall be the proper officer of the Company, although at the date of such bond such person was not an officer of the Company.

Only such of the Bonds (whether temporary or definitive) as shall have been authenticated by the Trustee, by signing the certificate endorsed thereon, shall be secured by this Indenture, or shall be entitled to any lien or benefit hereunder, and such certificate of the Trustee shall be conclusive evidence and the only evidence that the Bonds so authenticated have been duly issued hereunder, and are entitled to the benefit of the trusts hereby created.

Section 2.08. Registration of Holders. The Company shall keep books at the principal office of the Trustee for the registration and transfer of Bonds. Such books shall, in addition to the name of the holder of each registered Bond, show the address of each such holder.

Such registrations and discharges from registration shall be made under such reasonable regulations as the Company may prescribe and for which the Company may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect thereto and the charges of the Trustee, all such charges to be paid by the party requesting such registration or discharge from registration as a condition precedent to the exercise of such privilege.

No transfer of Bonds shall be valid unless made on said books by the registered holder in person, or by his duly authorized attorney, and similarly noted on the Bond. Upon presentation to the Trustee of any Bond accompanied by written instrument of transfer, in a form approved by the Trustee, executed by the registered owner thereof or by his duly authorized attorney, and upon the surrender and cancellation of such Bond, a new Bond or Bonds of the same series and maturity date and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Unless otherwise provided in the supplemental indenture creating the particular series of Bonds, upon any transfer of Bonds permitted hereunder, the Company will make no service charge against the holder of such Bonds or his transferee for any transfer, but the Company, at its option, may require the payment of a sum sufficient to reimburse it for any tax or governmental charge that may be imposed thereon. All Bonds surrendered in connection with any such transfer shall be forthwith canceled by the Trustee, and upon demand the Trustee shall deliver the same to the Treasurer of the Company or upon his written order.

The Company shall not be required to make any transfer or transfers of any Bond or Bonds during the 15 days next preceding any date on which interest or principal is required to be paid thereon or with respect thereto nor may any transfer be required with respect to any Bonds that have been called for redemption.

Section 2.09. Persons Deemed Owners. The Company and the Trustee shall treat the person in whose name any Bond shall be registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal of such Bond and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

Section 2.10. Mutilated, Destroyed, Lost and Stolen Bonds. Upon receipt by the Company and the Trustee of evidence satisfactory to them of the loss, theft, destruction or mutilation of any Bond (which evidence shall be, in the case of a holder which is an Institutional Holder, written notice thereof from such Institutional Holder), and of indemnity satisfactory to them (provided that in the case of a holder which is an Institutional Holder, the unsecured agreement of indemnity from such Institutional Holder shall be deemed to be satisfactory) and upon surrender and cancellation of such Bond, if any, if mutilated, the Company may execute, and the Trustee may authenticate and deliver, a new Bond of the same series and of like tenor, to be issued in lieu of such lost, stolen, destroyed or mutilated Bond. Such new Bond may bear such endorsement as may be agreed upon by the Company and the Trustee. The Company may require the payment of a sum sufficient to reimburse it for all expenses in connection with the issue of each new Bond under this Section. Any new Bond issued under the provisions of this Section in lieu of any Bond lost, stolen, destroyed or mutilated shall constitute an original, additional, contractual obligation of the Company and shall be secured equally and ratably with all other Bonds Outstanding.

Neither the Company nor the Trustee shall be under any duty or liability to issue a new Bond in substitution for or in lieu of any Bond lost, stolen, destroyed or mutilated except under the provisions of this Section.

Section 2.11. Temporary Bonds. Until definitive Bonds of any series are ready for delivery, the Company may execute and the Trustee shall authenticate and deliver, in lieu of such definitive Bonds, temporary typewritten or printed Bonds, in registered form, substantially of the tenor of the bond hereinbefore described, with appropriate omissions, variations and insertions and with or without appropriate provisions with respect to registration of the principal of such Bonds. Such temporary Bonds may be in such denominations as the Company may determine. Until exchanged for definitive Bonds, such temporary Bonds shall be entitled to the lien and benefit of this Indenture. Upon such exchange, which shall be made at the principal office of the Trustee by the Company, at its own expense and without making any charge therefor, such temporary bond, shall be cancelled, and if the Company so directs, incinerated by the Trustee, and upon the exchange of all said Bonds, said Bonds so cancelled or a certificate of such incineration shall be delivered to the Company. Until such definitive Bonds are ready for delivery, the holder of one or more temporary Bonds may, with the consent of the Company, exchange the same on the surrender thereof to the Trustee for cancellation, and shall be entitled to receive a temporary bond or temporary Bonds of like aggregate principal amount of the same series and maturity in other authorized denominations indicated by such holder.

Article III

Bonds of the Merger Date Series and Exchange Bonds

The Bonds of each Merger Date Series shall have the terms, rates and other provisions specified in Part Two hereof. The text of the Bonds of each Merger Date Series and of the authentication certificate of the Trustee shall be, respectively, substantially of the tenor and effect recited in the form of bond contained in the supplemental indenture pursuant to which such Series was issued and shall remain the same except as otherwise herein or hereinafter

provided. As used herein, a "Merger Date Series" of Bonds shall mean the Company's First Mortgage Bonds described in clauses (i), (ii) and (iii) hereof issued under the Indenture prior to the Merger Date, each of which has the following principal amount of Bonds Outstanding on the Merger Date and "Exchange Bonds" shall mean the Company's First Mortgage Bonds described in clauses (iv), (v) and (vi) hereof delivered after but effective as of the Merger Date in exchange for the Exeter Bonds indicated:

(i) $6,000,000 aggregate principal amount of the Company Series I, 8.49% Bonds due October 14, 2024 (the "Series I, 8.49% Bonds");

(ii) $10,000,000 aggregate principal amount of the Company Series J, 6.96% Bonds due September 1, 2028 (the "Series J, 6.96% Bonds");

(iii) $7,500,000 aggregate principal amount of the Company Series K, 8.00% Bonds due May 1, 2031 (the "Series K, 8.00% Bonds");

(iv) $9,000,000 aggregate principal amount of the Company Series L, 8.49% Bonds due October 14, 2024 (the "Series L, 8.49% Bonds"), in the form and containing the terms and conditions set forth in Exhibit F attached hereto, issued as of the Merger Date in exchange for the Exeter Series K, 8.49% Bonds due October 14, 2024;

(v) $10,000,000 aggregate principal amount of the Company Series M, 6.96% Bonds due September 1, 2028 (the "Series M, 6.96% Bonds"), in the form and containing the terms and conditions set forth in Exhibit G attached hereto, issued as of the Merger Date in exchange for the Exeter Series L, 6.96% Bonds due September 1, 2028; and

(vi) $7,500,000 aggregate principal amount of the Company Series N, 8.00% Bonds due May 1, 2031 (the "Series N, 8.00% Bonds"), in the form and containing the terms and conditions set forth in Exhibit H attached hereto, issued as of the Merger Date in exchange for the Exeter Series M, 8.00% Bonds due May 1, 2031.

The principal of and the premium, if any, and the interest on the Bonds issued prior to or as of the Merger Date shall be payable at the office and place of business of the Trustee in Boston in the Commonwealth of Massachusetts (or, if there be a successor to said Trustee, at its office designated by such successor), in coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Each series of Exchange Bonds shall be dated as of the last interest payment date to which interest was paid on the series of Exeter Bonds being exchanged therefore. No Net Bondable Expenditures shall be required to be used for such issuance but otherwise the Company shall comply with the provisions of Article IV with respect to the issuance of the Exchange Bonds, except that (i) the requirement of an indenture supplemental hereto set forth in Section 4.05(4)(iii) shall not be applicable to the issuance of the Exchange Bonds and (ii) any

certificates or statements required pursuant to Section 4.05(4)(i) to be made by an Independent Engineer for the issuance of Exchange Bonds may be made by an Engineer who is not an Independent Engineer. Exchange Bonds shall be redeemable at the price and on the conditions set forth in Part Three hereof, any such redemption to be effected in accordance with the provisions of Article XIV of the Indenture.

The Bonds of each Merger Date Series shall be redeemable at the price and on the conditions set forth in Part Two hereof, any such redemption to be effected in accordance with the provisions of Article VII of this Indenture.

Article IV

Bonds Against Property Additions

Section 4.01. Definitions for Issuing Bonds Against Property Additions. For the purposes of this Indenture each of the following terms shall be construed to have the meaning hereinafter specified respectively:

(A) Fixed Property, Property Additions. The term "Fixed Property" shall mean the sum of all of the physical property, plant and equipment, real, personal and mixed wherever located which is of such a nature as under sound accounting practice to be properly chargeable to fixed capital account and is in fact so charged, and which is used or is to be used as a part of its permanent and fixed investment in its business as an electric public utility company. Such term shall not, however, include (a) any property of the nature of that expressly excluded from the lien of this Indenture by the Granting Clauses hereof; (b) the cost of any paving or other public improvement assessed against the Exeter or the Company (as the case may be) by, or paid by Exeter or the Company (as the case may be) to, any taxing authority; or (c) any good will or going concern value or value attributable to any franchise or governmental permit except to the extent reflected in the fair value of Purchased Property as evidenced by an Independent Engineer's Certificate;

The term "Property Additions" shall mean the sum of the following (without duplication): (i) Fixed Property of Exeter located within the State of New Hampshire which Exeter was authorized to use and operate in its business as a public utility company and which was used or useful in such business and was constructed or acquired (by purchase consolidation, merger or in any other way) during the period after June 30, 1952 and to, but not including the Merger Date (the "Exeter Pre-Merger Property Additions"), (ii) Fixed Property of the Company located within the State of New Hampshire which the Company was authorized to use and operate in its business as an electric public utility company and which was used or useful in such business and was constructed or acquired (by purchase, consolidation, merger or in any other way) during the period after May 31, 1958 to, but not including the Merger Date (the "Company Pre-Merger Property Additions"), and (iii) Fixed Property of the Company located within the State of New Hampshire which the Company is authorized to use and operate in its business as an electric public utility company and which is used or useful in such

business and constructed or acquired (by purchase, consolidation, merger or in any other way) during the period beginning on and including the Merger Date through the date of calculation but excluding Exeter Pre-Merger Property Additions (the "Company Post-Merger Property Additions").

When calculating "Property Additions" in the above paragraph, such term shall not, however, include (1) any leasehold interest in property or, unless the same shall be movable physical property and shall constitute personal property in an Opinion of counsel, any permanent improvements constructed on property held under lease (but shall include rights of way and easements, any electric distribution, transmission or service lines and equipment and appurtenances thereto located on and such right of way or easement or on any property of customers or on any leased property or located upon any street, alley or public place of any municipality or upon any public highway), or (2) any property subject to any lien or other encumbrance except permitted encumbrances and the lien hereof. Nothing herein contained, however, shall prevent property meeting the definition of Property Additions as herein in this Section set forth in all respects except that at the time of its construction or acquisition it was subject to such a lien or other encumbrance, from constituting "Property Additions" upon the removal of such lien or other encumbrance.

Property Additions need not consist of a specific or complete accession, addition or improvement or complete new property but may include construction work in progress, if carried in plant accounts in accordance with sound accounting practice, whether capable of complete description and identification or not.

(B) Purchased Property. The term "Purchased Property" shall mean any Property Additions devoted to public service at or within a year before the time of their acquisition by Exeter or the Company (as the case may be);

(C) Gross Expenditures for Property Additions, Gross Expenditures. The term "Gross Expenditures" shall mean the lesser of:

(1) the fair value of the Property Additions acquired therefor as of the date of and as evidenced by an Engineer's Certificate or, if such Property Additions include Purchased Property, as of the date of and as evidenced by an Independent Engineer's Certificate, and

(2) the aggregate of (i) the market value or, in the absence thereof, the fair value of any securities or other property of Exeter or the Company (as the case may be) exchanged for Property Additions as of the date of and as evidenced by an Independent Engineer's Certificate and (ii) any cash payments made or monetary obligations (not represented by securities) incurred for Property Additions.

The term "Gross Expenditures for Property Additions" shall mean the sum of the following (without duplication): (i) Gross Expenditures for Exeter for the Exeter

Pre-Merger Property Additions (the "Exeter Pre-Merger Gross Expenditures for Property Additions"), (ii) Gross Expenditures for the Company for the Company Pre-Merger Property Additions (the "Company Pre-Merger Gross Expenditures for Property Additions"), and (iii) Gross Expenditures for the Company for the Company Post-Merger Property Additions (the "Company Post-Merger Gross Expenditures for Property Additions");

(D) Retirements. The removal, replacement, abandonment, permanent withdrawal from use, destruction, loss from any cause, sale, taking under power of eminent domain or other disposition of Fixed Property of Exeter or the Company (as the case may be) shall constitute a Retirement of such property.

As applied to any period, the term "Retirements" shall mean the aggregate cost of all Fixed Property retired by Exeter or the Company during such period (as the case may be). For the purposes of this definition the cost of Fixed Property shall mean, in the case of Property Additions, the Gross Expenditures made therefor at the time they became Property Additions and, in the case of Fixed Property not constituting Property Additions, its gross book value as recorded on Exeter's or the Company's (as the case may be) books. No reduction in book values of property recorded in Exeter's or the Company's (as the case may be) plant accounts nor the transfer of any amount appearing in any such account to intangible or adjustment accounts, arising out of adjustments required to be made by any regulatory body or otherwise, nor the elimination of any account so transferred, otherwise than in connection with the actual retirement of Fixed Property, shall be taken into account in determining Retirements;

(E) Net Retirements. The term "Net Retirements" shall mean the sum of the following (without duplication): (i) the aggregate amount of all Retirements made by Exeter under the Exeter Indenture during the period from June 30, 1952 to, but not including, the Merger Date in excess of the aggregate amount of all moneys received by or deposited with the Trustee under the Exeter Indenture during such period pursuant to the provisions of Sections 8.10, 8.12, 11.03, 11.04 and 11.04A thereof (the "Exeter Pre-Merger Net Retirements"), (ii) the aggregate amount of all Retirements made by the Company during the period from May 31, 1958 to, but not including, the Merger Date in excess of the aggregate amount of all moneys received by or deposited with the Trustee during such period pursuant to the provisions of Sections 8.10, 8.12, 10.03, 10.04 and 10.04A hereof (the "Company Pre-Merger Net Retirements") and (iii) the aggregate amount of all Retirements made by the Company during the period beginning on and including the Merger Date through the date of calculation in excess of the aggregate amount of all moneys received by or deposited with the Trustee during such period pursuant to the provisions of Sections 8.10, 8.12, 10.03, 10.04 and 10.04A hereof (the "Company Post-Merger Net Retirements");

(F) Net Expenditures for Property Additions, Net Expenditures. The term "Net Expenditures for Property Additions", herein sometimes referred to as "Net Expenditures" shall mean the sum of the following (without duplication): (i) the aggregate amount of Exeter Pre-Merger Gross Expenditures for Property Additions,

minus Exeter Pre-Merger Net Retirements ("Exeter Pre-Merger Net Expenditures"), (ii) the aggregate amount of Company Pre-Merger Gross Expenditures, minus Company Pre-Merger Net Retirements ("Company Pre-Merger Net Expenditures") and (iii) the aggregate amount of Company Post-Merger Gross Expenditures for Property Additions, minus Company Post-Merger Net Retirements ("Company Post-Merger Net Expenditures");

(G) Bonded Expenditures. The term "Bonded" or "Bonded Expenditures" as applied to Net Expenditures for Property Additions shall mean the sum of (without duplication): (i) Exeter Pre-Merger Net Expenditures as have been used by Exeter as the basis for the issuance of bonds under the Exeter Indenture, the withdrawal of cash or other credit under any provision of the Exeter Indenture prior to the Merger Date (the "Exeter Pre-Merger Bonded Expenditures"), (ii) Company Pre-Merger Net Expenditures as have been used by the Company as the basis for the issuance of Bonds, the withdrawal of cash or the taking of other credit under the provision of this Indenture prior to the Merger Date (the "Company Pre-Merger Bonded Expenditures") and (iii) Company Post-Merger Net Expenditures as have been used as the basis for the issuance of Bonds, the withdrawal of cash or the taking of other credit under the provisions of this Indenture, on or after the Merger Date (the "Company Post-Merger Bonded Expenditures"); provided, however, (A) the Exeter Pre-Merger Net Expenditures which were bonded on the basis of a ratio of bonds issued or cash withdrawn or other credit taken under the Exeter Indenture of 60% of Net Expenditures for Property Additions shall be recalculated as of the Merger Date as though all such bonds so issued or cash withdrawn or other credit taken under the Exeter Indenture were bonded on the basis of a ratio of 68% of Net Expenditures for Property Additions rather than a ratio of 60%, all as calculated in Annex B to Exhibit B hereof, and the term "Exeter Pre-Merger Bonded Expenditures" shall reflect and mean the amount of bonded Net Expenditures for Property Additions so calculated, and (B) the Company Pre-Merger Net Expenditures used as a basis for bonds issued or cash withdrawn or other credit taken under the Indenture shall be bonded on the basis of a ratio of 68% of Net Expenditures for Property Additions, all as calculated in Annex C to Exhibit B hereof, and the term "Company Pre-Merger Bonded Expenditures" shall reflect and mean the amount of bonded Net Expenditures for Property Additions so calculated;

(H) Net Bondable Expenditures for Property Additions, Net Bondable Expenditures. The term "Net Bondable Expenditures for Property Additions," herein sometimes, referred to as "Net Bondable Expenditures," shall mean as of any specified date the sum of (without duplication): (i) the excess of Exeter Pre-Merger Net Expenditures over Exeter Pre-Merger Bonded Expenditures (the "Exeter Pre-Merger Bondable Expenditures"), (ii) the excess of Company Pre-Merger Net Expenditures over Company Pre-Merger Bonded Expenditures (the "Company Pre-Merger Bondable Expenditures") and (iii) the excess of Company Post-Merger Net Expenditures over Company Post-Merger Bonded Expenditures (the "Company Post-Merger Bondable Expenditures"); and

(I) Certificate of Net Bondable Expenditures, New Gross Expenditures, New Property Additions. The term "Certificate of Net Bondable Expenditures" shall mean an Officers' Certificate in substantially the form attached hereto as Exhibit B which shall include:

(i) a statement of the aggregate amount of "Gross Expenditures" (herein sometimes called "New Gross Expenditures") which have not been included in any previous such certificate or in any similar certificate delivered prior to the Merger Date by officers of Exeter pursuant to the Exeter Indenture; a description in reasonable detail of the Property Additions (sometimes hereinafter called "New Property Additions") for which such expenditures were made; and a statement as to whether or not any of such New Property Additions constitute Purchased Property and, if so, a statement of the New Gross Expenditures made therefor;

(ii) a statement of the aggregate amount of Retirements not included in any previous such certificate or in any similar certificate delivered prior to the Merger Date by officers of Exeter pursuant to the Exeter Indenture and in so far as they represent specific physical property, a description in reasonable detail of such property.

Section 4.02. Definitions for Earnings Test. For the purposes of this Indenture each of the following terms shall be construed to have the meaning hereinafter specified respectively:

(A) Gross Operating Revenues. The term "Gross Operating Revenues" as applied to any period shall mean gross receipts of the Company from its business as an electric public utility company for such period and shall not include income derived from stocks, Bonds or other securities or gains arising from appreciation in value or from the sale or other disposition of fixed capital assets of the Company or of stocks, Bonds or other securities.

(B) Earnings Available for Interest Charges. The term "Earnings Available for Interest Charges" as applied to any period shall mean the amount by which the aggregate Gross Operating Revenues of the Company for such period exceeds all operating expenses of every character (except interest charges on indebtedness of the Company) for such period, such expenses to include (but not to be limited to) rents, insurance premiums, expenditures for maintenance, reasonable charges against income for the establishment of a reserve for depreciation (not less than the amounts required to be charged therefor pursuant to Section 8.05), all taxes (except any Federal and State taxes based directly or indirectly on income, including any State of New Hampshire taxes in the nature of a gross receipts tax which the Company is entitled to recover from its customers in its rates), and all other expenses in connection with its business as an electric public utility company, computed if a uniform system of accounts is prescribed by any commission or other governmental body having jurisdiction in the premises in accordance with such uniform system, otherwise in accordance with accepted accounting practice.

(C) Earnings Available for Interest Charges Certificate, Annual Interest Requirements. The term "Earnings Available for Interest Charges Certificate" shall mean an officers' certificate:

(i) stating the Earnings Available for Interest Charges of the Company for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the first day of the month in which the application for the authentication and delivery under this Indenture of Bonds then applied for or other application is made; and

(ii) stating the aggregate annual charges for interest on all indebtedness of the Company outstanding at the date of such application (except any for the refunding of which Bonds applied for are to be issued) and on all Bonds then to be issued hereunder, said aggregate sum being sometimes herein referred to as the "Annual Interest Requirements."

For the purposes of such Earnings Available for Interest Charges Certificate, Earnings Available for Interest Charges of the Company (i) shall include for such twelve months period Earnings Available for Interest Charges computed in the same manner as are those of the Company derived by predecessors from all Purchased Property acquired within such twelve months period or about to be acquired by the Company, Gross Expenditures for which have been included in a prior Certificate of Net Bondable Expenditures or are included in the Certificate of Net Bondable Expenditures in connection with which such Earnings Available for Interest Charges Certificate is being filed, (ii) if any Property Additions are disposed of (a "Disposition") within such twelve months period or about to be disposed of by the Company, for such twelve months period Earnings Available for Interest Charges shall be computed in the same manner as though such Disposition occurred on the first day of such period, and (iii) for any such twelve months period which includes one or more days prior to the Merger Date, Earnings Available for Interest Charges for Exeter shall be computed in the same manner as are those of the Company and as though Exeter had merged into the Company on the first day of such twelve months period. Any increase or decrease in Gross Operating Revenues of the Company attributable to higher or lower rates that have been in effect for less than the full twelve-month period for which the computation of the Earnings Available for Interest Charges Certificate is based shall be annualized for such Certificate and there shall also be annualized for such Certificate the related fixed expenses and charges as are known to the principal officers of the Company.

Section 4.03. General Provisions. Additional Bonds, executed pursuant to the provisions of this Article and Articles V and VI hereof shall be authenticated by the Trustee and delivered to or upon the order of the Company upon the receipt by the Trustee of the following documents in addition to the documents specified elsewhere in said three Articles:

(a) The documents specified in Section 2.06 hereof;

(b) A Resolution authorizing the execution and authentication of such Bonds together with a Stockholders Resolution authorizing the issuance of such Bonds under the

provisions hereof or, in the alternative, an opinion of counsel to the effect that no such Stockholders Resolution is necessary for the issue or validity of such Bonds or to entitle the same to the security and lien hereof;

(c) A certified copy of an order issued by each such commission or other body or official as at the time shall, under any pertinent law, have power or authority over the issuance of Bonds hereunder or over the subjection of the mortgaged property or any part thereof to liens, authorizing the issuance of such Bonds, together with an opinion of counsel to the effect that any order or orders tendered are sufficient in the connections aforesaid, or, in the alternative, an opinion of counsel to the effect that no such order is requisite in respect of such additional Bonds or in respect of the lien hereof for the security of such Bonds to render such Bonds the valid obligations of the Company and the lien hereof effective for the security thereof; and

(d) A receipt or other evidence satisfactory to the Trustee establishing the payment of any stamp, recording or other tax required by law to be paid in connection with the issuance of such additional Bonds or for the effectiveness of the lien of this Indenture for the security thereof, together with an opinion of counsel to the effect that the taxes paid constitute all taxes of either nature aforesaid, or in the alternative an opinion of counsel to the effect that payment of no such tax is requisite in this connection or for the purposes aforesaid.

Section 4.04. Additional Bonds Against Property Additions Issuance Tests. Additional Bonds of any series other than the Exchange Bonds issued after the execution and delivery of the Twelfth Supplemental Indenture may be issued hereunder to the extent of sixty-eight per cent (68%) of Net Bondable Expenditures for Property Additions as shown by the Certificate of Net Bondable Expenditures required by subparagraph (1) of Section 4.05 hereof provided that the Earnings Available for Interest Charges as shown by the certificate required by subparagraph (3) of said Section 4.05 hereof are equal at least to two (2) times the Annual Interest Requirements stated in such certificate.

Section 4.05. Documents Required for Authentication of Bonds. When requesting the authentication of Bonds pursuant to this Article the Company shall deliver to the Trustee:

(1) A Certificate of Net Bondable Expenditures dated as of a date within sixty (60) days of the date on which such Bonds are to be issued;

(2) An Officers' Certificate dated as of the date of the delivery of such Bonds stating that:

(i) the amount, if any, shown in Item (12) of the certificate referred to in (1) above plus Gross Expenditures for Property Additions since the date of said certificate exceeds Net Retirements since the date of said certificate;

(ii) the Company is not in Default hereunder;

(3) An Earnings Available for Interest Charges Certificate; and

(4) If there be included in such Certificate of Net Bondable Expenditures any New Gross Expenditures, the following:

(i) An Engineer's Certificate dated as of the date of such Certificate of Net Bondable Expenditures (such Engineer's Certificate, if such Certificate of Net Bondable Expenditures includes any considerations other than cash or if the New Property Additions thereby acquired include Purchased Property, either to be an Independent Engineer's Certificate or the statements therein contained with respect to considerations other than cash and/or Purchased Property to be those of an Independent Engineer, the scope of whose signature and verification thereof may be limited to such matters):

(a) stating that the signer has examined and inspected such Property Additions and that their construction or acquisition was reasonable from the standpoint of the Company and of the bondholders;

(b) setting forth their fair value as of the date of such certificate and if such Property Additions include Purchased Property, deducting any portion thereof not useful in the conduct of the Company's business as an electric public utility company;

(c) setting forth, as of the date of such certificate, the market value or, if none, the fair value of any securities, or other property included in such New Gross Expenditures;

(d) stating that the amount of such New Gross Expenditures included in said Certificate of Net Bondable Expenditures does not exceed the fair value of the Property Additions acquired thereby; and

(e) if the Opinion of Counsel responsive to (ii) of this subparagraph (4) sets forth any Permitted Encumbrances, stating that such Permitted Encumbrances do not impair the use of the property to which they pertain for the purposes for which such property is held by the Company;

(ii) An Opinion of Counsel stating that the Company has good and marketable title to such Property Additions free from all encumbrances excepting the lien of this Indenture and Permitted Encumbrances, specifying any such Permitted Encumbrances, and if any thereof consist of liens for taxes, assessments or governmental charges which are delinquent and the validity of which the Company is contesting in good faith, stating that none of the trust estate will be in danger of being lost or forfeited by reason thereof;

(iii) An indenture supplemental hereto or other instrument or instruments of conveyance specifically subjecting such Property Additions to the lien hereof together with an Opinion of Counsel stating that such supplemental indenture or other instrument or instruments are sufficient, and no other documents are required, to subject such Property Additions to the lien hereof as a direct first mortgage lien, or, in the alternative, an Opinion of Counsel to the effect that such additions are so subject without any such indenture or other instrument.

Article V

Bonds for Refunding Purposes

Section 5.01. General Provisions. Additional Bonds of any series may, from time to time, be executed by the Company and delivered to the Trustee for or on account of the payment, purchase and cancellation, redemption or other discharge at, before or after maturity, of Available Bonds theretofore authenticated under this Indenture in an aggregate principal amount equal to the aggregate principal amount of such Available Bonds, and the Trustee shall, subject to the provisions of this Article, authenticate and deliver the same to or upon the Order of the Company upon receipt by the Trustee of:

(1) The documents required by the provisions of Section 4.03 hereof;

(2) Bonds theretofore authenticated and delivered hereunder; provided, however, that in lieu of Bonds which have been called for redemption or are then about to mature it shall be sufficient if funds in an amount sufficient to redeem or pay the same shall have been deposited with the Trustee and made presently available for payment to the holders of such Bonds and evidence furnished to the satisfaction of the Trustee that notice of any such redemption has been duly given, or provided for, or waived;

(3) An Officers' Certificate, dated as of the date of the delivery of such additional Bonds, stating that the Company is not in Default hereunder and that all of the Bonds proposed to be refunded constitute Available Bonds.

Section 5.02. Issuance Requirements. No Bonds shall be authenticated and delivered under the provisions of this Article except (i) Bonds which bear an interest rate no higher than that of the Bonds which they are to refund or (ii) Bonds issued to refund Bonds which have been Outstanding more than five years and which have an expressed maturity not later than two years from the date on which such refunding Bonds are to be issued, unless an Earnings Available for Interest Charges Certificate shall have been filed with the Trustee from which it shall appear and in which the Company certifies that the Earnings Available for Interest Charges of the Company for the period covered by such certificate were at least equal to two times the Annual Interest Requirements therein stated.

Article VI

Bonds Against Cash

Section 6.01. General Provisions. Additional Bonds of any series may be issued under this Indenture from time to time equal in principal amount to the amount of cash at the time deposited with the Trustee provided, nevertheless, that no Bonds shall be issued against cash required to be deposited with the Trustee under any provisions of this Indenture. Bonds so issued may be executed by the Company and delivered to the Trustee and the Trustee shall authenticate and deliver the same to or upon the order of the Company upon receipt of:

(1) The documents required by the provisions of Section 4.03 hereof;

(2) An officers' certificate dated as of the date of the delivery of such Bonds stating that the Company is not in Default hereunder;

(3) An Earnings Available for Interest Charges Certificate;

(4) Cash in an amount equal to the principal amount of the Bonds to be authenticated;

if it shall appear by the Earnings Available for Interest Charges Certificate responsive to subparagraph (3) of this Section that the Earnings Available for Interest Charges for the period covered by such certificate are at least equal to two (2) times the Annual Interest Requirements therein stated.

Section 6.02. Cash Withdrawal Requirements. Cash received by and on deposit with the Trustee under the provisions of this Article after the execution and delivery of the Twelfth Supplemental Indenture may on orders of the Company be withdrawn, from time to time, to the extent of sixty-eight per cent (68%) of Net Bondable Expenditures for Property Additions as shown in the pertinent certificate responsive to subparagraph (1) of this Section, upon receipt by the Trustee of:

(1) A Certificate of Net Bondable Expenditures dated as of a date within sixty (60) days of the date on which such cash is to be withdrawn;

(2) An Officers' Certificate dated as of the date of the withdrawal of such cash stating that

(a) the amount, if any, shown in Item (12) of the certificate referred to in (1) above plus Gross Expenditures for Property Additions since the date of said certificate exceeds Net Retirements since the date of said certificate, and

(b) the Company is not in Default hereunder;

(3) If there be included in such Certificate of Net Bondable Expenditures any New Gross Expenditures, the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 4.05 hereof.

Article VII

Redemption of Bonds

Section 7.01. Manner of Redemption. Whenever the Company shall determine to exercise any optional right it may have to redeem Bonds of any series issued hereunder, it shall file with the Trustee not less than sixty days prior to the date fixed for the redemption of such Bonds, a Resolution specifying the principal amount of and designating the series of Bonds to be redeemed and shall, on or before the date fixed for redemption, deposit with the Trustee sufficient moneys to redeem such Bonds and pay to the Trustee its proper expenses and charges in connection with such redemption.

Section 7.02. Selection of Bonds to Be Redeemed. The selection of Bonds (or, in case of fully registered Bonds, of portions thereof) to be redeemed shall, in case less than all of the Outstanding Bonds of any series are to be redeemed, be made by the Trustee as follows:

(a) The particular Bonds of such series to be redeemed in whole or in part shall be designated by the Trustee not more than 60 days nor less than 30 days prior to the date fixed for such redemption by proration so that the principal amount to be redeemed of Bonds of such series then held by each holder shall bear the same ratio to the total principal amount of all Bonds of such series then to be redeemed as the total principal amount of all Bonds of such series then held by such holder bears to the total principal amount of all Bonds of such series then Outstanding; provided, however, that (i) the Trustee in making any proration pursuant to this Section shall make such adjustments as it shall deem proper to the end that the principal amount of Bonds so redeemed shall be $1,000 or a multiple thereof, by increasing or decreasing the amount which would be allocable to any holder on the basis of exact proration by an amount not exceeding $1,000 and (ii) if there shall have been previously filed with the Trustee a written consent of all holders of Bonds of such Series specifying some other method of selecting Bonds of such series to be redeemed such selection shall be made by the Trustee in accordance therewith; or

(b) If the Trustee shall determine that the selection method described in the foregoing clause (a) shall not then be appropriate, the particular Bonds of such series to be redeemed in whole or in part shall be selected by the Trustee by lot in any manner deemed by it proper.

The Trustee shall promptly notify the Company in writing of the distinctive numbers of the Bonds which, or portions of which, have been selected for redemption, and the principal amount thereof to be redeemed in the case of fully registered Bonds of a denomination greater than $1,000.

Section 7.03. Notice of Redemption. Notices of redemption, stating when funds for the redemption are expected to be available to the holders of the Bonds to be wholly or partly redeemed, shall be given to the holders by the Trustee in the name and on behalf of the Company. Redemption notices for all Bonds issued hereunder shall contain the information required by Section 7.04 and, unless otherwise provided in the supplemental indenture creating a particular series, shall be mailed as hereinafter provided not more than 60, nor less than 30, days prior to the date fixed for redemption. The Trustee in the name and on behalf of the Company, as the case may be, shall send a copy of such notice to the registered owner of each Bond, so called for redemption, by reputable overnight courier, or by certified mail, postage prepaid, addressed to him at his last known address as it appears upon the bond register.

Whenever notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to such notice. Any such waiver of notice by the holders of Bonds shall be filed with the Trustee.

Section 7.04. Redemption Price. Each notice of redemption shall specify the price at which such Bonds are to be redeemed, the series, date of maturity, date of redemption, and if less than all of the Bonds outstanding of a specified series are to be redeemed, the serial numbers of such Bonds.

Section 7.05. Partial Redemption of Bonds. In case any Bond is to be redeemed in part only, such notice shall specify the principal amount thereof to be redeemed and shall state that at the election of the registered owner of such Bond and upon surrender thereof for redemption, a new Bond or new Bonds of that series in aggregate principal amount equal to the unredeemed portion of such Bond will be issued in lieu thereof, and, in such case, the Company shall execute and the Trustee shall authenticate and deliver such new Bond or Bonds to or upon the written order of the registered owner of such Bond at the expense of the Company, provided, however, that the Trustee shall pay interest, premium (if any) and principal upon any Bond without surrender or presentation thereof if any holder which is an Institutional Holder files with the Trustee an agreement pursuant to which such holder agrees that (A) it will not sell, transfer or otherwise dispose of any such Bond with respect to which such redemption has been made unless either (i) it shall have made a notation thereon of the principal so redeemed or (ii) the Bond shall have been presented to the Trustee for such notation or (iii) such Bond shall have been surrendered in exchange for a new Bond having a principal amount equal to the unredeemed portion and (B) it will present the Bond to the Trustee before being paid the entire remaining principal balance of such Bond.

Section 7.06. Deposited Moneys for Redemption. All moneys deposited with or held by the Trustee for the redemption of Bonds shall be held upon the trusts hereof for the account of the holders of the Bonds designated or selected for redemption.

Section 7.07. Cancellation of Bonds. All Bonds which have been redeemed shall be cancelled by the Trustee, and shall be delivered to or upon the order of the Company and shall not be reissued.

Section 7.08. Payment of Redemption. When notice of redemption of any Bond, or part thereof, shall have been duly given or waived, such Bond, or part thereof, shall become due and payable on the date fixed for redemption in said notice and if the amount necessary to redeem such Bond, or part thereof, shall be deposited with the Trustee, such amount shall be held by the Trustee as provided in Section 7.06 and shall be paid when due to the registered owner of such Bond provided that if presentation of such Bond is required hereunder, such Bond shall have been presented to the Trustee. If the amount necessary to redeem any Bond, or part thereof, called for redemption shall have been irrevocably deposited with the Trustee in trust for the account of and shall be immediately available for payment to the holder of such Bond, and all proper charges and expenses of the Trustee in connection therewith shall have been paid, and if the notice hereinbefore mentioned shall have been duly given or waived, or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, when all of said conditions shall have been satisfied and the Trustee has complied with the first sentence of this Section 7.08, (a) the Company (subject to the provisions of Section 16.10) shall be released from all liability on such Bond, or part thereof, so called for redemption, and such Bond, or part thereof, so called for redemption shall no longer be deemed to be Outstanding and shall cease to be entitled to any lien or benefit of or under this Indenture, (b) the holder of such Bond, or part thereof, so called for redemption shall look thereafter for the payment of the principal thereof and premium, if any, and of accrued and unpaid interest, solely to the redemption funds in the hands of the Trustee for payment thereof, and (except as provided in Section 16.10) in no event to the Company, (c) the holder of such Bond shall have the right to receive prepayment of the redemption price thereof, including interest to such redemption date, at any time after the deposit of such redemption price, and (d) after such redemption date, no interest will accrue thereon.

Article VIII

General Covenants

Section 8.01. Further Actions. The Company covenants that it will faithfully do and perform and at all times faithfully observe any and all covenants, undertakings, stipulations and provisions contained in each and every Bond executed, authenticated and delivered hereunder and in the several and successive Resolutions pursuant to or in observance of the provisions of this Indenture. The Company covenants that it will promptly make, execute, and deliver all further assurances, including all financing and continuation statements covering security interests in personal property, indentures supplemental to the Indenture or other instruments, and take all such further action as may reasonably be by the Trustee, or by its counsel, deemed necessary or advisable for the better securing of any Bonds issued or to be issued hereunder, or for better assuring and confirming to the Trustee the Mortgaged Property or any part thereof. The Company covenants that it will cause this Indenture to be duly recorded and/or filed and to be duly rerecorded and/or refiled at the times and in the places now or hereafter required by law for the proper maintenance of the validity and priority of the lien hereof.

Section 8.02. Payment. The Company covenants that it will promptly pay the principal of and interest on every Bond issued hereunder in lawful money of the United States of America at the dates and places and in the manner prescribed in such Bond and herein. Notwithstanding the

above or any other provisions of this Indenture or any Bond issued hereunder, the Company may enter into an agreement with the holder of any Bond providing for the payment to such holder of the principal of (and premium, if any) and interest on such Bond or any part thereof at a place other than as designated therein or in such Bond, providing for the payment to such holder of all or a portion of the principal of and the premium, if any, and interest on such Bond at a place other than the place specified in such Bond as the place for such payment without the necessity in the case of a partial payment of principal, of surrendering the Bond for a new Bond, and in accordance with Section 7.05 for the making of notation of principal payments on such Bond by such holder. The Trustee is authorized to consent to any such agreement and shall not be liable or responsible to any such holder or to the Company for any act or omission on the part of the Company or any holder of a Bond in connection with any such agreement. The Company covenants it will, prior to the maturity of each installment of interest and prior to the maturity of each such Bond, deposit with the Trustee, or other paying agent appointed with respect to the Bonds of any particular series, in lawful money of the United States of America an amount sufficient to make payments of principal (and premium, if any,) and interest on the Bonds on or prior to the date such payments are due.

Section 8.03. Maintain Title of Property. The Company covenants that, except as to that part of the Mortgaged Property which may hereafter be acquired by it, it is on the Merger Date well seized of the physical properties by it hereby mortgaged or intended so to be and has good right, full power, and lawful authority to make this Indenture and subject such physical properties to the lien hereof in the manner and form herein respectively done or intended; and that it has and, subject to the provisions hereof, will preserve good and indefeasible title to all such physical properties, and will warrant and forever defend the same to the Trustee against the claims of all persons whatsoever.

Section 8.04. Taxes and Assessment; Liens. The Company covenants that it will promptly pay or cause to be paid all lawful taxes, charges and assessments at any time levied or assessed upon or against the Mortgaged Property or any part thereof, and/or the interest of the Trustee and of the holders of the Bonds Outstanding under this Indenture before the same become delinquent, provided, however, that no such tax, charge or assessment shall be required to be paid so long as the validity of the same shall be contested in good faith by appropriate legal proceedings so long as adequate reserves in respect thereof have been established in accordance with GAAP; that there are not outstanding on the Merger Date and that the Company will not at any time create or permit to be created or allow to accrue or to exist any lien or liens prior to the lien of this Indenture upon the Mortgaged Property or any part thereof, or the income therefrom, save only any Permitted Encumbrances and the lien of any mortgage or other lien on any property hereafter acquired by the Company which may exist on the date of, or be created as a vendor's lien or as a purchase money mortgage in connection with, such acquisition; and that neither the value of the Mortgaged Property nor the lien of this Indenture will be diminished or impaired in any way as the result of any action or nonaction on the part of the Company.

Section 8.05. Conduct Business and Maintain Properties. The Company covenants that its business will be carried on and conducted in an efficient manner, and that all of its plants, appliances, systems, equipment and property useful and necessary in the carrying on of its business will be kept in thorough repair and maintained in a state of high operating efficiency in

accordance with standards generally acceptable in the utility industry. The Company covenants that it will expend for maintenance and reserve for depreciation whatever amounts may be necessary so to maintain the Mortgaged Property and provide for the Retirement of the depreciable portion of the Mortgaged Property, which amounts shall be not less than those prescribed by any governmental regulatory body having jurisdiction in the premises; and that in any event the Company will charge as an expense and credit to depreciation reserve in each of its fiscal years an amount which shall be not less than 2.3% of the average amount of its depreciable property for such year.

Whenever the holders of at least a majority in principal amount of the Bonds Outstanding shall so request in a written notice served upon the Trustee, but not more frequently than once every five years, the Company shall appoint an Independent Engineer satisfactory to the holders of a majority in principal amount of the Bonds Outstanding to make an inspection of the property of the Company. The Company shall cause such Independent Engineer, within a reasonable time after the date of his appointment, to report to the Company and to the Trustee whether or not the property of the Company is in general being maintained as required by this Section, and whether or not any part of such property that is no longer used or useful in the business of the Company has been duly recorded as retired on its books.

If such Independent Engineer shall report that the property has not been so maintained, he shall state in his report the character and extent and estimated cost of making good such deficiency. The Company shall then proceed with all reasonable speed to do such maintenance work as may be necessary to make good any such maintenance deficiency, whereupon such engineer shall, within a period of 90 days following the Company's completion of such work, report in writing to the Trustee whether such deficiency has been made good; provided, however, that in case such engineer shall fail or refuse to make such report within such period, the Trustee shall appoint another Independent Engineer satisfactory to the holders of a majority in principal amount of the Bonds Outstanding to make such report. Unless the Trustee shall be so advised in writing by such engineer within one year from the date of any report determining a maintenance deficiency to exist, or such longer period as may be stated in such report to be reasonably necessary for the purpose, that such deficiency has been made good, the Company shall be deemed to have defaulted in the due performance of the covenant as to the maintenance of its property contained in this Section 8.05.

If such Independent Engineer shall report that there is any property no longer used or useful which has not been recorded as retired on the books of the Company, he shall briefly describe such property and state the aggregate Retirement which should be stated on such books with respect thereto. The Company shall then make on its books appropriate entries recording the Retirement of such property.

Section 8.06. Compliance with Underlying Mortgages. The Company covenants that all of the covenants, conditions and agreements of any Underlying Mortgage upon any property hereafter acquired by it will in all respects be fully complied with; that upon the payment of all bonds issued under each such mortgage it will procure such mortgage to be effectively satisfied and discharged of record; that the Company will not issue or permit to be issued any additional

bonds secured by any Underlying Mortgage, but that each and every such mortgage shall be effectively closed at the date of the acquisition of such property.

Section 8.07. Acquisition of Property Subject to Underlying Mortgages. The Company covenants that it will not acquire any property which after its acquisition will be subject to any Underlying Mortgage unless prior to the acquisition thereof it shall have filed with the Trustee an Officers' Certificate from which it shall appear and certify that the aggregate of the Earnings Available for Interest Charges of the Company and the Earnings Available for Interest Charges of the property to be acquired, computed in the same manner as are Earnings Available for Interest Charges of the Company in Section 4.02(c), for any consecutive twelve months out of the fifteen calendar months immediately preceding the acquisition of such property is equal to at least two times the Annual Interest Requirements on all Bonds Outstanding and other indebtedness of the Company for borrowed money, plus all bonds and/or other obligations secured by existing Underlying Mortgages and all bonds and/or other obligations secured by any Underlying Mortgage or other lien (whether or not prior to the lien of this Indenture) upon the property so to be acquired, and will not acquire any property subject to any Underlying Mortgage securing indebtedness in excess of sixty per cent (60%) of the lesser of:

(a) the fair value of such property to the Company at the date of acquisition thereof; and

(b) the aggregate of (i) the amount of any lien subject to which such property is acquired, (ii) the amount of any purchase money mortgage or vendor's lien created in connection with its acquisition, (iii) any cash payment made therefor, and (iv) the market value, or, in the absence thereof, the fair value of any securities or other property of the Company exchanged therefor;

all as of the date of and as established by an Independent Engineer's Certificate, filed with the Trustee, dated as of the date of the acquisition of such property, unless to offset such part of such indebtedness as shall exceed such percentage there shall be appropriated Net Bondable Expenditures for Property Additions in an amount equivalent to such excess. Such appropriation shall be evidenced by a Resolution deposited with the Trustee together with a Certificate of Net Bondable Expenditures dated as of the date of such appropriation and, if there be included in such Certificate of Net Bondable Expenditures, any New Gross Expenditures, the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 4.05.

The Company further covenants that it will not acquire any property which after its acquisition will be subject to any Underlying Mortgage if such acquisition would operate to increase the aggregate principal amount of all bonds and/or other obligations secured by Underlying Mortgages (other than such bonds and/or other obligations for the purchase, payment or redemption of which cash in the necessary amount shall have been irrevocably deposited with the trustee or mortgagee under the Underlying Mortgage or mortgages securing the same or with the Trustee hereunder) to an amount greater than fifteen per cent (15%) of the aggregate principal amount of all Bonds at the time issued and Outstanding under this Indenture.

Section 8.08. Records of Accounts and Certificate. The Company covenants that proper books of record and account will be kept in which full, true and correct entries will be made of all dealings or transactions of, or in relation to, the plants, properties, business and affairs of the Company, and that it will:

(a) At such times as the Trustee shall reasonably request, furnish statements in reasonable detail showing the earnings, expenses and financial condition of the Company;

(b) From time to time furnish to the Trustee such data as to the plants, property and equipment of the Company, as the Trustee shall reasonably request;

(c) On or before the expiration of one hundred and twenty (120) days after the end of each fiscal year, furnish to the Trustee a full audit and report certified by independent certified public accountants, covering the operations of the Company during such fiscal year, and showing the earnings and expenses for such period, and in reasonable detail, the assets, liabilities and financial condition of the Company at the expiration thereof; provided for the first fiscal year ending after the Merger Date, the foregoing shall be reported on as though Exeter had merged into the Company on the first day of such fiscal year. Said balance sheets and reports shall be available at all reasonable times for the inspection of any bondholder or his authorized agent.

The Company further covenants that all books, documents and vouchers relating to the plants, properties, business and affairs of the Company shall at all times be open to the inspection of such accountants or other agents as the Trustee may from time to time designate.

Section 8.09. Annual Certificate of Compliance. The Company covenants that it will, on or before the expiration of ninety (90) days after the end of each fiscal year, file with the Trustee: (1) an Opinion of Counsel either stating that such action has been taken with respect to the execution and delivery of supplemental indentures, conveyances or other instruments, including all financing and continuation statements covering security interests in personal property, and the recording and filing of the same and of this Indenture and the re-recording and re-filing of this Indenture as is necessary for the purpose of maintaining the validity and priority of the lien and security interest hereof on the Mortgaged Property and reciting the details thereof, or stating that no such action is required for such purpose; and (2) an Officers' Certificate fully describing all insurance policies then in force on the Mortgaged Property, or any part thereof, stating that all such policies provide that all losses shall be payable to the Trustee, as its interest may appear, and stating that the Company has complied with the requirements of Section 8.10 with respect to the maintenance of insurance and stating: (a) that all taxes which became due on the Mortgaged Property during such fiscal year have been duly paid unless the Company shall in good faith, by appropriate action, contest any of said taxes, in which event such contest shall be set forth; (b) that all insurance premiums which became due during such fiscal year upon the insurance policies to which reference is hereinbefore made have been paid; (c) that no additional Fixed Property has been acquired by the Company during such calendar year, or if any Fixed Property has been so acquired, briefly describing the same and stating the cost thereof; and (d) whether or not the Company is in default in the fulfillment of any of its obligations under the Indenture and

if a Default or Event of Default has occurred and then exists, specifying the nature and period thereof and the action the Company is taking with respect thereto.

Section 8.10. Insurance. The Company covenants that it will keep such of the Mortgaged Property as is of an insurable nature and of the character usually insured by companies engaged in similar geographical locations in any of the businesses in which the Company is or may be engaged insured against loss or damage by fire and from other hazards customarily insured against by such companies and will carry such insurance with insurance companies of good standing in amounts not less than the fair insurable value of the properties insured.

All policies required by the provisions of this Section to be carried by the Company shall provide that all losses shall be payable to the Trustee, as its interest may appear. In case of any Event of Default by the Company in fulfilling the covenants contained in this Section with respect to the carrying of insurance, the Trustee may, at its option, effect such insurance in the name of the Company or in the name of the Trustee and all premiums paid by the Trustee for such insurance shall be repaid by the Company on demand and if not so repaid shall be secured by the lien of this Indenture in priority to the indebtedness evidenced by Bonds issued hereunder. Upon the happening of every loss the Company shall make due proof of loss and shall do all things necessary or desirable to cause the insurer or insurers to make payment in full directly to the Trustee. In case of any loss covered by any policy of insurance, any appraisement or adjustment of such loss and settlement and payment of indemnity therefor which shall be agreed upon between the insured and the insurer shall be accepted by the Trustee and the Trustee shall in no way be liable for the adjustment of such loss. The Company shall upon the execution of this Twelfth Supplemental Indenture furnish to the Trustee a statement in writing signed by an officer of the Company fully describing all policies of insurance then in force covering the Mortgaged Property or any part thereof and stating that all such policies provide that all losses shall be payable to the Trustee, as its interest may appear. The Trustee at its option may, but shall not be required to, at any time, require the Company to deposit with it any or all of such insurance policies and shall require such deposit upon the occurrence of an Event of Default.

The Trustee shall from time to time, upon receiving an Officers' Certificate certifying that the property damaged or destroyed has been repaired or replaced and put in a condition at least as good as that before the loss occurred, pay to the Company the amount of the insurance money received by the Trustee on account of such loss if such amount does not exceed, in the case of any one loss, $50,000. In all other cases the money so received by the Trustee may be paid or applied from time to time in accordance with the provisions of Sections 11.02 and 11.03.

Section 8.11. Maintenance of Corporate Existence and Rights. Subject to the provisions of Article XII hereof, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence. The Company covenants that it now has complete and lawful authority and privilege to maintain and operate its entire system and properties, and that none of its rights, franchises or privileges will be allowed to lapse or be forfeited unless the Board of Directors shall determine that any such right, franchise or privilege is not necessary for the carrying on of the Company's business; provided, however, that the expiration by lapse of time of any right, franchise or privilege shall not constitute a violation of this covenant, but the Company hereby expressly covenants that it will exercise its best

endeavors and any and every proper means to procure extension or renewal of each and every such right, franchise or privilege so expiring and necessary or desirable for the maintenance of any of its plants, systems or properties.

Section 8.12. Eminent Domain. The Company covenants that it will pay or cause to be paid to the Trustee the proceeds of any property subject to the lien of this Indenture which has been taken by any governmental body through the exercise of the power of eminent domain or which has been sold to such a governmental body pursuant to the provisions of any statute or franchise permitting such governmental body to compel the Company to sell the same, except such thereof as may by the terms of an Underlying Mortgage be required to be paid to or deposited with its mortgagee or trustee and as to any moneys which shall be so paid to such mortgagee or trustee, the Company covenants that if any thereof remains on deposit with such mortgagee or trustee upon the satisfaction or release of such Underlying Mortgage it will pay the same to or cause the same to be paid to the Trustee.

The Company further covenants that if any property subject to the lien of this Indenture is subject to a license under Part I of the Federal Power Act and at any time prior to the sale of such property, either under the terms of said Part I or otherwise, the Company is required by the terms of said license or by a final valid rule, regulation or order applicable thereto and to the Company, to apply funds held by it in amortization (as distinguished from depreciation) reserves accumulated, pursuant to the provisions of said license or of any such final valid rule, regulation or order, out of surplus earnings in excess of a reasonable rate of return on the Company's net investment in said property as finally determined as provided in said Part I, to the reduction of the amount of the Company's net investment therein, then the Company, if permitted to do so by the provisions of said license or of said rule, regulation or order requiring such reduction, will effect such reduction by paying or causing to be paid to the Trustee such funds so required to be applied to such reduction. If such property shall be purchased from the Company under the provisions of said Part I or of said license by the United States or by any subsequent licensee of said property under the provisions of said Part I, and the purchase price paid to the Company for such property by such purchaser is reduced by the application thereto of funds then held by the Company (and not then or theretofore held by the Trustee) as unappropriated surplus or amortization, sinking fund or similar reserves (but not including depreciation reserve) accumulated as aforesaid out of surplus earnings in excess of a reasonable rate of return on the Company's net investment in said property as finally determined as provided in said Part I, then to the extent the price paid to the Company is actually reduced by such application of such funds the Company will pay or cause to be paid an amount equal to such funds to the Trustee as part of the proceeds of the sale of such property to the United States or to such licensee. Upon the deposit of any funds with the Trustee in accordance with the provisions of this paragraph, the Company will cause to be delivered to the Trustee an Officers' Certificate stating that the funds so deposited are in the amount then required to be deposited pursuant to the provisions of this paragraph.

The Trustee on behalf of the bondholders may intervene in any proceeding for such taking or purchase by a governmental body and shall do so upon the written request of the holders of ten per cent (10%) or more in aggregate principal amount of Bonds Outstanding being first indemnified for its expenses as provided in Section 15.01 hereof. The Trustee may execute

and deliver a release of any property so taken or sold and shall be fully protected in so doing upon being furnished with (a) an Officers' Certificate requesting such release stating that such property has been taken by eminent domain and that all conditions precedent herein provided for relating to such release have been complied with, (b) an Opinion of Counsel that such governmental body had a lawful right to take such property or compel the Company to sell the same and (c) either (i) a sum in cash equal to the proceeds of such taking or (ii) a sum in cash equal to such proceeds less the amount required to be paid to or deposited with the mortgagee or trustee of an Underlying Mortgage, a receipt from such mortgagee or trustee for the amount so paid or deposited, and an Opinion of Counsel that such amount is required by the terms of such Underlying Mortgage to be so paid or deposited.

Section 8.13. Records at Trustee. The Company covenants that it will keep on file at the principal office of the Trustee a list of the names and addresses of the last known holders of all Bonds Outstanding with the principal amount of Bonds believed to be held by each. Any bondholder may require his name and address to be added to said list by filing a written request with the Company or the Trustee, which request shall include a statement of the principal amount of Bonds held by each bondholder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. Said list may be inspected and copied by a bondholder or bondholders owning ten per cent (10%) or more in principal amount of Bonds Outstanding or by his or their authorized agent, such ownership and the authority of any such agent to be evidenced to the satisfaction of the Trustee.

Section 8.14. No Extensions for Claims of Interest. The Company covenants that no claim for interest pertaining to any Bond issued hereunder shall be kept alive after the date specified for the payment of such interest by the extension thereof or by the purchase thereof by or on behalf of the Company. Any such claim for interest which in any way at or after the date specified for the payment thereof shall have been transferred or pledged separate or apart from the bond to which it relates or which shall in any manner have been kept alive after the date specified for the payment thereof by extension or by the purchase thereof by or on behalf of the Company shall not be entitled to any benefit of or from this Indenture except after the prior payment in full of the principal of all Bonds issued hereunder and of all interest obligations not so transferred, pledged, kept alive or extended.

Section 8.15. Restricted Payments. The Company covenants that it will not declare or pay dividends (other than in its own common stock) or make any other distribution on shares of its common stock or apply any of its property or assets (other than amounts equal to any proceeds received from the sale of common stock of the Company) to the purchase or retirement of, or make any other distribution through reduction of capital or otherwise, in respect of, any shares of its common stock if, after giving effect to such distribution, the aggregate of all such distributions declared, paid, made or applied subsequent to December 31, 2000 by the Company and Exeter, plus the amount of all dividends declared or accrued on any class of preferred stock of the Company or Exeter subsequent to December 31, 2000, and any amounts charged to net income after December 31, 2000 in connection with the purchase or retirement of any shares of preferred stock of the Company or Exeter would exceed an amount equal to net income of the Company available for dividends after December 31, 2000, plus the sum of $7,565,000.

The term "net income", as applied to any period shall mean the net income (or deficit) of the Company and, for periods prior to the Merger Date, of Exeter for such period properly transferable to its earned surplus, all computed, if a uniform system of accounts is prescribed by any commission or other governmental body having jurisdiction in the premises, in accordance with such uniform system; otherwise in accordance with accepted accounting practice, and in any event by deducting from the aggregate gross revenues of the Company and, for periods prior to the Merger Date, of Exeter for such period all expenses required to be deducted in computing Earnings Available for Interest Charges for such period in accordance with Section 4.02(B) and (C) of the Indenture, and also by deducting all interest requirements, taxes, amortization of debt discount and expense and other deferred charges, and all other non-operating expenses for such period.

Section 8.16. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate, or as may be otherwise ordered or required by a governmental authority having jurisdiction over the Company.

Article IX

Supplemental Indentures and Indenture Modifications

Section 9.01. Supplemental Indentures without Consent of Bondholders. In addition to any supplemental indenture otherwise authorized or permitted by this Indenture, the Company when authorized by Resolution and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, and without the consent of or notice to the bondholders, may execute an indenture or indentures supplemental hereto, and which thereafter shall form a part hereof, for any one or more or all of the following purposes:

(a) To add to the conditions, limitations and restrictions of the authorized amount, terms, provisions, purposes of issue, authentication and delivery of Bonds specified herein, other conditions, limitations and restrictions thereafter to be observed with respect to the Bonds or any one or more series thereof;

(b) To add to the covenants and agreements of the Company in this Indenture contained, other covenants and agreements thereafter to be observed;

(c) To provide for the creation of any series of Bonds pursuant to Articles IV, V or VI;

(d) To evidence the succession of another corporation to the Company, or successive successions, and the assumption by a successor corporation of the covenants

and obligations of the Company and the acceptance by the successor corporation of the provisions in the Bonds hereby secured and in this instrument and in any and every supplemental indenture contained;

(e) To convey, transfer and assign to the Trustee, and to. subject to the lien of this Indenture, with the same force and effect as though included in the Granting Clauses hereof, additional properties, permits and franchises hereafter acquired by the Company through consolidation or merger, or by purchase or in any other manner whatsoever;

(f) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this instrument or any indenture supplemental hereto;

(g) To make this Indenture conform to the Trust Indenture Act of 1939 or similar legislation or otherwise to add to the duties and obligations of the Trustee, but no such supplemental indenture which shall add to the duties and obligations of the Trustee hereunder shall be made without the written consent of the Trustee.

Section 9.02. Modification of Indenture. From time to time the holders of seventy-five per cent (75%) in aggregate principal amount of Bonds Outstanding, by an instrument or instruments in writing signed by such holders and filed with the Trustee, shall have power to assent to and authorize any modification of any of the provisions of this Indenture that shall be proposed by the Company when authorized by a Resolution, and the Trustee may enter into an indenture supplemental hereto for the purpose of adding such modification to the Indenture and any action herein authorized to be taken with the assent or authority, given as aforesaid, of the holders of seventy-five per cent (75%) in aggregate principal amount of Bonds Outstanding shall be binding upon the holders of all of the Bonds at any time Outstanding and upon the Trustee as fully as though such action were specifically and expressly authorized by the terms of this Indenture, provided, however, that no such modification shall (i) extend the time or times of payment of the principal of, or the interest or premium, if any, on any Bond, or (ii) reduce the principal amount thereof or the rate of interest or premium thereon, or (iii) authorize the creation of any lien prior or equal to the lien of this Indenture upon any of the Mortgaged Property, or deprive any bondholder of the benefit of the lien of this Indenture, or (iv) affect the rights under this Indenture of the holders of one or more, but less than all, of the series of Bonds outstanding hereunder unless assented to by the holders of seventy-five per cent (75%) in aggregate principal amount of Bonds Outstanding of each of the series so affected, or (v) reduce the percentage of Bonds, the holders of which are required to assent to any such modification pursuant to this Section, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto; and provided further, that, anything in this Section to the contrary notwithstanding, the holders of seventy-five per cent (75%) in aggregate principal amount of Bonds Outstanding of any particular series shall have power to waive any right specifically provided in respect of that series, and to assent to any modification of any such right which shall be proposed by the Company, subject, however, to the provisions of clauses (i) through (vi) of this Section. Any modification of the provisions of this Indenture so made as aforesaid shall be set forth in a supplemental indenture between the Trustee and the Company which shall be recorded and/or filed in the same manner as this Indenture and the Trustee shall be fully protected in acting in accordance therewith.

Section 9.03. Execution of Supplemental Indenture. No supplemental indenture shall become effective until it shall have been executed by the Trustee and the Trustee is hereby authorized to join with the Company in the execution of any supplemental indenture authorized or permitted by the provisions of this Indenture and to make the further agreements and stipulations which may be therein contained. The Trustee shall be fully protected in relying on an Opinion of Counsel as to whether or not any proposed supplemental indenture is authorized or permitted by the provisions of this Indenture and is consistent therewith.

Section 9.04. Effect of Supplemental Indenture. From and after the execution of any such supplemental indenture the covenants and provisions contained therein shall be deemed a part of this Indenture and shall bind and benefit the Company, the Trustee and the bondholders as effectually as the covenants and provisions contained in this instrument at the time of its execution, and the Trustee and the bondholders shall have the same remedies for a breach thereof as are provided in respect of a breach of the provisions and covenants now contained in this Indenture.

Article X

Possession, Use and Release of Mortgaged Property

Section 10.01. Possession and Use of Mortgaged Property. Unless an Event of Default shall have occurred and shall not have been remedied, the Company shall be suffered and permitted to remain in full possession, enjoyment and control of all the properties, rights, privileges and franchises hereby mortgaged and shall be permitted to manage and operate the same, and, subject always to the provisions hereof, to receive, receipt for, take, use, enjoy and dispose of all rents, revenues, income, issues and profits thereof.

Section 10.02. Alterations to Mortgaged Property. While in possession of the Mortgaged Property and if no Default or Event of Default then exists, the Company shall have the right at all times, as proper management of the business of the Company may require, to alter, change, add to, repair, and make any change in the location of its buildings and structures, power plants, conduits, meters, services, transformers, poles, pole lines, transmission or distribution lines, wires, cross-arms, cables, equipment and apparatus, provided that the location of none of the Mortgaged Property may be changed so as to impair the lien of this Indenture unless such property is sold or exchanged as elsewhere in this Article permitted.

Section 10.03. Dispositions of Mortgaged Property without Release. While in possession of the Mortgaged Property and if no Default or Event of Default then exists, the Company may, without obtaining any release from or consent of the Trustee, free from the lien of this Indenture:

(1) dispose of (i) fractional interests in poles and their appurtenances and/or the right to the joint use of such poles by the purchaser of such interest with the Company, (ii) any of its tangible personal property which may have become worn out, due for replacement in the regular course of business, disused or undesirable for use;

(2) cut and sell, and license others to cut and remove, any pulp wood, timber, logs and trees having an aggregate fair value in any one five-year period of not in excess of $100,000, which are now, or at any time hereafter shall be, upon any land included in the Mortgaged Property;

(3) surrender or assent to the modification of any franchise which it may hold or under which it may be operating, provided that (a) in the event of any such surrender, the Company shall then have or shall receive at the time of such surrender a franchise which, in the Opinion of Counsel (filed with the Trustee prior to such surrender), shall authorize it to do the same or an extended business in the same or an extended territory during the same or an extended or unlimited period of time, and (b) in the event of any such modification, the franchise as modified shall, in the Opinion of Counsel (filed with the Trustee prior to the effective date of such modification), authorize the continuance of the same or an extended business in the same or an extended territory during the same or an extended or unlimited period of time; and

(4) make changes or alterations in or substitutions for any licenses or leases or surrender and cancel the same, provided that such change, alteration or substitution or such surrender or cancellation, as the case may be, is in the interest of the Company and will not impair the security of the Bonds Outstanding; and in such event any modified, altered or substituted grants, licenses or leases shall forthwith be subject to the terms of this Indenture to the same extent, if any, as those previously existing;

provided, however, that the Company either (i) shall apply any net cash proceeds or other consideration received by the Company for or in connection with any disposition of Mortgaged Property by the Company under this Section 10.03 in acquiring, or in reimbursing itself for, other property, not necessarily of the same character, but of value at least equal to that of the property disposed of, which other property shall be Fixed Property and shall forthwith become subject to the lien of this Indenture, or (ii) if and to the extent that such net cash proceeds or other consideration are not so applied within 12 calendar months after the receipt thereof, shall pay such net cash proceeds or an amount equal to such other consideration (unless by the terms of any prior mortgage or other instrument permitted by the terms hereof such net cash proceeds or other consideration are required to be and are applied to reduce, discharge or secure the obligations secured by any such prior mortgage or other instrument) to be held and applied by the Trustee pursuant to the provisions of Sections 11.02 and 11.03.

Section 10.04. Release of Mortgaged Property. While in possession of the Mortgaged Property and if no Default or Event of Default then exists, the Company may sell or exchange but not otherwise dispose of any of its property (in addition to the property referred to in Section 10.03 and in addition to any property released pursuant to Section 8.12 hereof) and the Trustee shall release the same from the lien hereof upon receipt by the Trustee of:

(a) A Resolution authorizing such sale or exchange and requesting such release;

(b) An Officer's Certificate signed also by an Engineer who, if the consideration to be received for the property for the release of which request is made exceeds $150,000, shall be an Independent Engineer;

(i) describing the property for the release of which request is made and stating that in the opinion of the signers such release will be of benefit to the Company and will not be prejudicial to the security of the Bonds issued hereunder;

(ii) stating that the Company has sold or exchanged, or contracted to sell or exchange, the property for the release of which request is made for a stated consideration representing in the opinion of the signers its full value to the Company and consisting solely of cash, Property Additions and/or properties which upon such exchange will constitute Property Additions;

(iii) stating either that the property for the release of which request is made does not constitute or include all or substantially all of the physical properties of the Company subject to the lien hereof, or, that if it does constitute or include all or substantially all of such physical properties, stating that from the cash consideration received or to be received therefrom, as increased by any other Trust Moneys available for the redemption of Bonds, there will be moneys sufficient in amount to pay all of the expenses and charges due the Trustee and to redeem all Bonds Outstanding; and

(iv) if any Property Additions, or properties which upon such exchange will become Property Additions, are included in such consideration, briefly describing them, and if from the Opinion of Counsel responsive to (f) of this Section it appears that such are subject to any Permitted Encumbrances, that such Permitted Encumbrances do not impair the use of the property to which they pertain for the purposes for which such property is held or to be held by the Company;

(c) An Officers' Certificate dated as of a date not more than ten days prior to such release, stating that immediately after giving effect to such release, no Default or Event of Default shall have occurred and be continuing;

(d) All moneys stated in said certificate to be or to have been received in consideration for any property for the release of which request is made, or to the extent that such moneys constitute the consideration for property subject to an Underlying Mortgage, which, by its terms, are required to be paid to or deposited with its mortgagee or trustee, a receipt by such mortgagee or trustee for such moneys, the Company covenanting and directing that upon the satisfaction or release of such Underlying Mortgage, any such money remaining in the possession or control of such mortgagee or trustee to which the Company may be entitled shall forthwith be deposited with the Trustee;

(e) Such deeds, bills of sale, supplemental indentures, or other instruments of conveyance as may be necessary or proper to subject to the lien of this Indenture any property received in exchange for property released;

(f) An Opinion of Counsel stating;

(i) that the instruments of conveyance above mentioned are sufficient, and no other documents are required, to subject to the lien of this Indenture any property received in exchange for property released, and that all of the property received in exchange will, upon such acquisition, be subject to no liens in addition to the lien of this Indenture except Permitted Encumbrances;

(ii) if any part of the consideration for property so to be released has been or is to be paid to or deposited with the mortgagee or trustee of an Underlying Mortgage, that such consideration is required by such Underlying Mortgage to be paid to or deposited with such mortgagee or trustee;

(g) Either (i) a certificate constituting evidence of the authorization, approval or consent of any governmental body at the time having jurisdiction in the premises to the sale or exchange of the property to be released, the consideration to be received therefor and the acquisition of any property constituting any part of such consideration, together with an Opinion of Counsel that the same constitutes sufficient evidence thereof and that the authorization, approval or consent of no other governmental body is required; or (ii) an Opinion of Counsel that no authorization, approval or consent of any governmental body is required.

Section 10.04A. Application for Release of Mortgaged Property. While in possession of the Mortgaged Property and if no Default or Event of Default then exists, the Company may apply to the Trustee for the release of certain property which is not Public Utility Property (as defined below) from the lien of the Indenture subject to the release valuation limitations hereinafter provided, to be thereafter held by the Company free of the mortgage, available for sale or transfer without further authorization from or accountability to the Trustee, and the Trustee shall release the said property from the said lien upon its receipt of:

(a) A Resolution identifying the property to be released and requesting that it be released;

(b) An Officers' Certificate signed also by an Engineer who, if the release valuation of the property involved exceeds $100,000, shall be an Independent Engineer;

(i) Identifying the property to be released and stating that no part of it is Public Utility Property nor included or includable in any way in the Company's electric utility rate base. For purposes of this certification, "Public Utility Property" shall mean and include all property of the Company which is used or useful to it in any aspect of its business as a New Hampshire electric public utility company, including without limitation, the transmission, distribution, use,

purchase, supply and/or delivery, sale and disposition of electricity for heat, light, power, refrigeration or any other use, or in any business incidental thereto, including all properties necessary, appropriate, or in any manner useful for the transmission, distribution, use, purchase, supply, and/or delivery, sale and disposition of electricity, together with all betterments, additions, replacements, or alterations of, upon, or to any such property, saving and excepting, however, any and all categories of property of the Company excluded from the lien of the Indenture by the several Reservation, Exception and Exclusion Clauses of the Granting Clauses of the Indenture.

(ii) Stating the release valuation of the property involved, and showing that such valuation plus the aggregate release valuation of all prior such releases of property of the Company which is not Public Utility Property for the preceding twelve calendar months does not exceed $350,000 nor, for the preceding five-year period, an amount equal to five percent of the Company's net utility plant as of the close of the last calendar year as shown in the Company's annual report for such year to the New Hampshire Public Utilities Commission. For purposes of the foregoing computation, "release valuation" shall be defined to mean the recorded net book cost of property other than real estate, and in the case of real estate, the greater of (x) net book cost or (y) the latest assessed valuation for purposes of local real estate taxation.

(c) An Officer's Certificate dated as of a date not more than ten days prior to such release, stating that after giving effect to such release, no Default or Event of Default shall have occurred and be continuing; and

(d) A sum of money equivalent to the release valuation of the property to be released from the lien of the Indenture.

Section 10.05. Purchaser Protected. In favor of every purchaser from the Company, and of every person claiming any interest by, through or under the Company, every release of property from the lien of this Indenture by the Trustee under the provisions of Section 8.12 and this Article shall be valid, and no such purchaser or person need inquire as to the power or authority of the Trustee to make any such release, or see to the application of the purchase money.

Section 10.06. Company's Covenant Regarding Disposition. The Company covenants that it will not sell, exchange or otherwise dispose of any of its properties except in the manner permitted by Section 8.12 and this Article, provided, however, that nothing in this Section shall be construed to be in derogation of the provisions of Article XII.

Section 10.07. Powers Exercisable by Receiver or Trustee. In case the Mortgaged Property shall be in the possession of a receiver or trustee lawfully appointed, the powers in and by this Article conferred upon the Company may be exercised by such receiver or trustee and if the Trustee shall be in possession of the Mortgaged Property under any provision of this

Indenture then all the powers in Section 8.12 and this Article conferred upon the Company may be exercised by it in its discretion.

Article XI

Holding and Application of Trust Moneys

Section 11.01. "Trust Moneys" Defined. All moneys required to be deposited with or paid to the Trustee under any provision hereof shall be held by it in trust (all such moneys being herein sometimes called "Trust Moneys"). Except for Trust Moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, all Trust Moneys so paid over to the Trustee shall, while held by it, constitute part of the Trust Estate and be subject to the lien hereof. While held by the Trustee any such Trust Moneys may be invested as provided in Section 11.06 and if no Default or Event of Default then exists, the interest earnings of any amounts so deposited shall be distributed to the Company, free of trust, at least quarter-annually.

Section 11.02. Withdrawal or Redemption of Outstanding Bonds. Subject to the provisions of Section 11.04, the Company, so long as no Default or Event of Default then exists, may:

(a) withdraw any Trust Moneys deposited with the Trustee pursuant to the provisions of Sections 8.10 (except as otherwise provided in Section 8.10 with respect to amounts not exceeding $50,000), 8.12, 10.03, 10.04 and 10.04A, to reimburse itself for 100% of Net Bondable Expenditures made by it for Property Additions as evidenced by the Certificate of Net Bondable Expenditures for Property Additions to which reference is hereinafter made; or

(b) cause the Trustee to apply any Trust Moneys withdrawable under (a) above to the payment or redemption of Bonds then Outstanding;

provided, however, that none of such Trust Moneys shall be so withdrawn under clause (a) above later than two years after the date of their deposit with the Trustee.

If the Company shall elect to withdraw Trust Moneys pursuant to clause (a) of this Section, it shall deliver to the Trustee an Order of the Company specifying the amount to be withdrawn and stating that such withdrawal is not prohibited by Section 11.02 or 11.04, and accompanied by a Resolution authorizing such withdrawal and a Certificate of Net Bondable Expenditures, together with, if there be included in such certificate any New Gross Expenditures, the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 4.05. Such Certificate of Net Bondable Expenditures shall be dated as of a date within sixty days of the date of such withdrawal. No such withdrawal shall be made unless the Trustee shall also have received an Officers' Certificate dated as of the date of such withdrawal stating that the amount, if any, shown in Item (12) of said Certificate of Net Bondable Expenditures plus Gross Expenditures for Property Additions since the date of said Certificate exceeds Net Retirements since the date of said certificate and stating that no Default or Event of Default then exists.

If the Company shall elect to cause the Trustee to apply moneys to the redemption of Bonds pursuant to clause (b) of this Section, it shall deliver to the Trustee an Order of the Company stating that such application is not prohibited by Section 11.04 and stating that no Default or Event of Default then exists. Such Order shall be accompanied by a Resolution authorizing such redemption. Such redemption shall be made as provided in Section 11.03.

Section 11.03. Redemption Procedures. As soon as conveniently possible after each election by the Company to apply Trust Moneys to the redemption of Bonds pursuant to clause (b) of Section 11.02 and after each occasion upon which the Trustee shall have on hand $5,000 or more of moneys referred to in Section 11.02 which have been on deposit with the Trustee more than two years after the date of such deposit, the Trustee shall (i) if Bonds of more than one series are outstanding hereunder and the moneys to be applied are insufficient to redeem all Bonds then Outstanding, apportion such moneys to the redemption of Bonds of each such series, in proportion, as nearly as is practicable, to the ratio which at the time of such apportionment the aggregate principal amount of the Bonds of each series then Outstanding bears to the total principal amount of the Bonds of all series then Outstanding, (ii) fix a date (or dates in case Bonds of more than one series are to be redeemed and are not redeemable on the same date) for the redemption of Bonds, (iii) select the Bonds to be so redeemed as provided in Section 7.02, (iv) notify the Company of the Bonds to be so redeemed and of the date (or dates) of such redemption, and (v) give notice of redemption of such Bonds as provided in Sections 7.03, 7.04 and 7.05. The Company covenants that it will, on or before forty (40) days prior to the date (or each date) so fixed, pay to the Trustee the amount of the charges which will be due it and the amount of expenses which it will incur in connection with such (or each such) redemption, and that the Company will deliver to the Trustee, on or prior to the date (or each date) so fixed for redemption, the excess of the aggregate of the redemption prices of the Bonds to be so called (including interest to date of redemption and premium, if any) over the aggregate of the principal amounts thereof.

Section 11.04. Redemption When Trust Estate is Released. In the event, however, that all or substantially all the fixed properties of the Company which constitute the Trust Estate are released from the lien hereof, then the Trustee shall forthwith by the use, in so far as necessary, of all Trust Moneys deposited with it (other than moneys held for the redemption of Bonds, a notice of the redemption of which has been given) redeem all Bonds then Outstanding, provided, however, that if the aggregate of all such Trust Moneys, after the deduction therefrom of any expenses or charges for the payment of which the Trustee will be compelled to resort to such Trust Moneys, will be insufficient to redeem all Bonds then Outstanding, then the Trustee shall, subject to the provisions of Section 8.14, apply said Trust Moneys to the pro rata payment on account of and in proportion to the respective amounts of the principal of, premium, if any, and accrued interest on all Bonds then Outstanding, irrespective of series.

Section 11.05. Redeemed Bonds. No Bonds redeemed under the provisions of this Article shall thereafter be Available Bonds useable as the basis for the issue of Bonds or of any further action or credit under this Indenture, and all such Bonds shall be cancelled.

Section 11.06. Investment of Trust Moneys. Except where otherwise provided in this Indenture, all or any part of any Trust Moneys held by the Trustee hereunder may from time to

time at the written direction of the Company, signed by the President, Vice-President or Treasurer of the Company, be invested or reinvested by the Trustee in any of the following:

(1) Investments in commercial paper maturing in 270 days or less from the date of issuance which, at the time of acquisition, is accorded the highest rating by S&P or Moody's;

(2) Investments in United States Governmental Securities; provided that such obligations mature within one year from the date of acquisition thereof;

(3) Investments in certificates of deposit maturing within one year from the date of origin, issued by an Acceptable Bank; or

(4) any mutual fund or other fund which is operated in the United States which has substantially all of its investments in the Investments described above in clauses (1) or (2) of this Section 11.06.

Such Investments shall be held by the Trustee as a part of the Trust Estate, subject to the same provisions hereof as the cash used by it to purchase such Investments; but upon a like direction of the Company, the Trustee shall sell all or any designated part of the same and the proceeds of such sale shall be held by the Trustee subject to the same provisions hereof as the cash used by it to purchase the Investments so sold. If under the provisions of this Indenture any Trust Moneys held by the Trustee and so invested or reinvested shall be required to be applied to the redemption of Bonds, the Trustee shall forthwith sell such Investments in an amount equivalent to the Trust Moneys so to be applied. In case the net proceeds (exclusive of interest) realized, upon any such sale shall amount to less than the amount invested by the Trustee in the purchase of the Investments so sold (after appropriate adjustment on account of any accrued interest paid at the time of purchase), the Trustee shall within five days after such sale notify the Company in writing thereof and within five days thereafter the Company shall pay to the Trustee the amount of the difference between such purchase price and the amount so realized, and the amount so paid shall be held by the Trustee in like manner and subject to the same conditions as the proceeds realized upon such sale. The Trustee shall not be liable or responsible for any loss resulting from any Investment or reinvestment pursuant to this Section 11.06.

Article XII

Consolidations, Mergers and Sales

Section 12.01. Consolidation, Merger and Sales Permitted on Certain Terms. Nothing in this Indenture contained shall prevent any lawful consolidation or merger of the Company with or into any other corporation, or any conveyance or transfer, subject to the lien of this Indenture, of all, or substantially all, the Mortgaged Property, as an entirety, to any corporation lawfully entitled to acquire and operate the same; provided, however, and the Company covenants and agrees, that such consolidation, merger, conveyance or transfer shall be upon such terms as in no respect to impair the lien of this Indenture upon the Mortgaged Property then subject thereto, or any of the rights or powers of the Trustee or the bondholders hereunder; and provided further,

that the property of the successor corporation with which the Company shall consolidate or merge or to which all of the Mortgaged Property shall be conveyed as an entirety shall not be subject to any lien (other than Permitted Encumbrances) which after such consolidation, merger or conveyance will be equal or prior to the lien of this Indenture on the property owned by such other corporation and included in its fixed asset account, unless the amount of obligations outstanding under and secured by such equal or prior lien shall not exceed sixty per cent (60%) of the fair value of such property of such other corporation, as evidenced by an Independent Engineer's Certificate filed with the Trustee; or unless there be appropriated Net Bondable Expenditures in an amount equivalent to such excess (such appropriation to be evidenced in the same way as a similar appropriation pursuant to Section 8.07), and unless the Earnings Available for Interest Charges (determined in the manner provided in Section 4.02 hereof for Earnings Available for Interest Charges of the Company and verified by independent certified public accountants), derived from the operation of the property of such other corporation, for a period of twelve (12) consecutive calendar months within fifteen (15) calendar months immediately preceding the date of such consolidation, merger or conveyance, shall have been at least two (2) times the Annual Interest Requirements (determined in the manner provided in Section 4.02 hereof for Annual Interest Requirements of the Company, as verified by such accountants), on all obligations outstanding under and secured by such equal or prior lien at the time of such consolidation, merger or conveyance and on all other obligations of such other corporation for borrowed money, except obligations for the payment or redemption of which the necessary funds shall have been deposited with the trustee under the mortgage creating such equal or prior lien, or with the Trustee hereunder, together with irrevocable instructions to apply such funds to the payment or redemption of such obligations (but subject to any applicable clause in such mortgage providing for the return of any unclaimed moneys to the Company or such other corporation, as the case may be, depositing such funds); and provided further, that such successor corporation shall execute and deliver to the Trustee an indenture supplemental hereto and satisfactory to the Trustee which shall provide:

(1) that such successor corporation shall assume the due and punctual payment of the principal of, (and premium, if any) and interest on all the Bonds issued hereunder and the performance and observance of all of the covenants and conditions to be performed or observed by the Company contained in this Indenture; and

(2) a grant, conveyance, transfer and mortgage in terms sufficient to include and subject to the lien of the Indenture; subject only to Permitted Encumbrances, all property (other than Excepted Property) thereafter acquired or constructed by such successor corporation in the territories theretofore served by the Company and all property (other than Excepted Property) forming an integral part of, or essential to the use or operation of, any property subject to the lien of this Indenture at the time of such consolidation, merger, conveyance or transfer, and all property subsequently subjected to the lien of this Indenture as a first mortgage lien thereon, and all betterments, extensions, improvements, additions, renewals and replacements thereof, and all franchises necessary or proper for the operation thereof, the lien thereby created to have the same force, effect and standing as if the Company had itself acquired or constructed such property.

Notwithstanding anything to the contrary contained herein, the successor corporation shall be organized under the laws of the United States or any state thereof or under the laws of Canada or any province thereof.

Section 12.02. Successor Corporation Substituted. The successor corporation thereafter may cause to be signed, issued and delivered, either in its own name or in the name of Unitil Energy Systems, Inc., any or all Bonds issuable hereunder which shall not theretofore have been signed by Unitil Energy Systems, Inc. and authenticated by the Trustee, and upon the order of the successor corporation in lieu of Unitil Energy Systems, Inc., and subject to all the terms, conditions and restrictions in this Indenture prescribed, relating to the authentication and issuance of Bonds, the Trustee shall authenticate and deliver any of such Bonds which shall have been previously signed and delivered by the officers of Unitil Energy Systems, Inc. to the Trustee for authentication, and any of such Bonds which the successor corporation shall thereafter, in accordance with the provisions of this Indenture, cause to be signed and delivered to the Trustee for such purpose; provided, however, that no such Additional Bonds may be issued hereunder and no cash shall be withdrawn or property released on the basis of Net Bondable Expenditures for Property Additions, unless (A) thereupon the aggregate indebtedness of such successor corporation secured by liens on any property equal or superior to the lien of this Indenture will not exceed 15% of the aggregate principal amount of all Bonds then Outstanding under this Indenture and (B) such successor corporation (1) shall effectively close each open end mortgage (other than this Indenture) to which any of its property may be subject, and (2) shall by an indenture supplemental hereto to which reference is made in Section 12.01 hereof or by a subsequent indenture supplemental hereto satisfactory to the Trustee similarly executed and delivered which shall provide a grant, conveyance, transfer and mortgage in terms sufficient to include and subject to the lien hereof, subject only to Permitted Encumbrances, (a) with the same force, effect and standing as though this Company had itself acquired the same at the time of the delivery of such supplemental indenture, all property, not theretofore subject to the lien hereof, then owned by such successor corporation (other than Excepted Property), and (b) with the same force, effect and standing as though the Company were itself to construct or acquire such property, all property thereafter acquired or constructed by such successor corporation (other than Excepted Property).

Section 12.03. Opinion of Counsel Required. The Trustee may receive an Opinion of Counsel as conclusive evidence (1) that any such indenture can and does comply with the foregoing conditions and provisions required with respect thereto by Section 12.01 or 12.02, or both, and (2) that such successor corporation has complied with the provisions of Section 12.02 with respect to the closing of open end mortgages.

Article XIII

Discharge of Indenture

If the Company shall pay or cause to be paid to the holders of the Bonds the principal thereof, including therein the premium thereon, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, and if the Company shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture

expressed to be kept, performed and observed by it or on its part, then these presents and the estate and rights hereby granted shall (at the option of the Company evidenced by a Resolution delivered to the Trustee) cease, determine and be void, and thereupon the Trustee shall, upon the request of the Company but only after payment of all proper charges and cancellation of all Bonds for the payment of which cash shall not have been deposited in accordance with the provisions of this Indenture, cancel and discharge the lien of this Indenture, and execute and deliver to the Company such deeds or other instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Company the estate and title hereby conveyed, and assign and deliver to the Company any property at the time subject to the lien of this Indenture which may then be in possession of the Trustee, except cash held for the payment of the principal of, premium, if any, or interest on Bonds.

Bonds, for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) and been made available for present payment to the holders of such Bonds, shall be deemed to be paid within the meaning of this Section; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made therefor, or such notice shall have been waived.

Article XIV

Default Provisions and Remedies

Section 14.01. Events of Default Defined. Each of the following events is hereby defined as and is declared to be and to constitute an "Event of Default":

(a) Default in the payment of any interest on any Bond when the same shall become due and payable and the continuance thereof for a period of ten (10) days; or

(b) Default in the payment of the principal of (and premium, if any, on) any Bond when the same shall become due and payable whether at the stated maturity thereof, or upon redemption thereof, or by declaration as in Section 14.02 provided; or

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Company in this Indenture or in the Bonds contained, and the continuance thereof for a period of thirty (30) days after written notice to the Company by the Trustee or by the holders of not less than ten per cent (10%) in aggregate principal amount of Bonds then Outstanding; or

(d) The Company (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a

custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of the Mortgaged Property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(e) A court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of the Mortgaged Property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company, or any such petition shall be filed against the Company and such petition shall not be dismissed within 60 days; or

(f) If under the provisions of any other law now or hereafter existing for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Company or of the whole or any substantial part of the Mortgaged Property, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control.

Section 14.02. Acceleration of Maturity; Rescission and Annulment. Upon the occurrence of an Event of Default the Trustee may, and upon the written request of the holders of twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the Company, declare the principal of all Bonds then Outstanding and the interest accrued thereon along with the Make Whole Amount (as hereinafter defined) immediately due and payable, and such principal, interest and Make Whole Amount shall thereupon become and be immediately due and payable; subject, however, to the right of the holders of a majority in aggregate principal amount of Bonds then Outstanding, by written notice to the Company and to the Trustee, to annul such declaration and destroy its effect at any time before any sale hereunder, if, before any such sale, all agreements with respect to which such Event of Default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds then Outstanding and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured hereby, except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last interest payment date, shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto. The Company acknowledges that each holder of a Bond has the right to maintain its investment in such Bond free from redemption by the Company (except as specifically provided for) and that the provision for the payment of a Make Whole Amount by the Company in the event the Bonds are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Two Business Days prior to the date the payment thereof becomes due and payable the Company shall calculate the Make Whole Amount and deliver to the Trustee and each holder of Bonds an Officers' Certificate specifying the detail of such calculations. The calculations by the Company shall be deemed to be correct unless within ten Business Days after such delivery, the

holders of 25% in aggregate principal amount of the Bonds which are Outstanding immediately prior to the date of the required payment of the Make Whole Amount, shall furnish revised calculations in writing to the Trustee and the Company, which revised calculations shall be deemed to be conclusively correct and any deficiency in the payment of the Make Whole Amount shall be immediately due and payable and if the Company fails to deliver the Officers' Certificate such holders may provide the Make Whole Amount calculation in writing delivered to the Trustee and the Company which calculations shall be deemed to be conclusively correct and such Make Whole Amount shall be immediately due and payable.

For purposes of this Section 14.02, the "Make Whole Amount" shall mean the greater of (i) the Outstanding principal amount of the Bonds to be paid, plus interest accrued thereon to the date fixed for such payment, and (ii) the sum of (A) the aggregate present value as of the date of such payment of each dollar of principal being paid (taking into account any payments under a sinking fund, if any) and the amount of interest (exclusive of interest accrued to the date fixed for such payment) that would have been payable in respect of each such dollar if such payment had not been made, determined by discounting such amounts at the Reinvestment Rate (as hereinafter defined) from the respective dates on which they would have been payable to the date of such payment, plus (B) interest accrued on the Bonds to be paid to the date fixed for such payment.

For purposes of any determination of the Make Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of 0.50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities) at 11:00 A.M. (Eastern time) on the second Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 14.02, for the United States Government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal of the Bonds being paid (taking into account the application of each payment under a sinking fund, if any) or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States Government Securities is available, Reinvestment Rate shall mean the sum of 0.50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published as of the second Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 14.02, in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal amount of the Bonds being paid (taking into account each payment under a sinking fund, if any). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence, and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straightline basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of Bonds then Outstanding.

"Weighted Average Life to Maturity" of the principal amount of the Bonds being paid shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have been payable on each scheduled sinking fund payment date, if any, if the payment pursuant to this Section 14.02 had not been made, less (2) the amount of principal on the Bonds scheduled to become payable on each scheduled sinking fund payment date, if any, after giving effect to the payment pursuant to this Section 14.02, by (y) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and each such sinking fund payment date, if any, and (ii) totalling the products obtained in (i).

Section 14.03. Interest on Overdue Payments. If Default occurs in payment of principal, premium or interest due hereunder, the Company covenants that it will pay or cause to be paid interest upon overdue principal, premium and interest, to the extent permitted by law, at the greater of (i) six percent (6%) per annum and (ii) the rate specified in the supplemental indenture or the Exhibit to the Indenture creating the series of Bonds in question or, if no such rate is specified therein, then the rate of interest payable on the Bonds of the series in question plus one percent (1%).

Section 14.04. Entry Upon Mortgaged Property. Upon the occurrence of an Event of Default, the Company, upon demand of the Trustee, shall forthwith surrender to the Trustee the actual possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all the Mortgaged Property (with the books, papers and accounts of the Company) and to hold, operate and manage the same, and from time to time make all needful repairs and such extensions, additions and improvements as to it shall seem wise; and to receive the rents, revenues, income, issues and profits thereof, and out of the same to pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs, extensions, additions and improvements, and to apply the remainder of the moneys so received by the Trustee, subject to the provisions of Section 8.14 hereof with respect to extended, transferred or pledged claims for interest, first to the payment of the installments of interest which are due and unpaid, in the order of their maturity, and next, if the principal of any said Bonds is due, to the payment of the principal and accrued interest thereon pro rata without any preference or priority whatever, except as aforesaid and thereafter the Make Whole Amount. Whenever all that is due upon such Bonds, including installments of interest and under any of the terms of this Indenture shall have been paid and all Defaults made good, the Trustee shall

surrender possession to the Company, its successors or assigns; the same right of entry, however, to exist upon any subsequent Event of Default.

Section 14.05. Power of Sale. Upon the occurrence of an Event of Default, the Trustee, by such officer or agent as it may appoint, with or without entry, may, if at the time such action shall be lawful, sell all the Mortgaged Property, including all right, title, interest, claim and demand of the Company thereto and therein and the right of redemption thereof, as an entirety or in such parcels as the holders of a majority in aggregate principal amount of Bonds then Outstanding shall in writing request, or in the absence of such request, as the Trustee may determine, at public auction, at some convenient place in Boston, Massachusetts, or at such other place or places as may be required by law, having first given notice of such sale by publication in at least one daily newspaper, printed in English and of general circulation in said Boston, at least once a week for four (4) successive weeks next preceding such sale, and any other notice which may be required by law. The Trustee, if permitted by law, may from time to time adjourn such sale or sales in its discretion by announcement at the time and place or times and places fixed for such sale or sales without further notice; and the Trustee is hereby appointed the true and lawful attorney irrevocably of the Company in its name and stead to make, execute, acknowledge and deliver to the purchaser or purchasers at such sale or sales good and sufficient deeds of conveyance or bills of sale of the Mortgaged Property so sold and any sale made as aforesaid shall be a perpetual bar both at law and in equity against the Company and all persons claiming by, through or under it.

Section 14.06. Suits for Enforcement; Remedies. In case of the breach of any of the covenants or conditions of this Indenture, the Trustee shall have the right and power to take appropriate judicial proceedings for the enforcement of its rights and the rights of the bondholders hereunder. Upon the occurrence of an Event of Default, the Trustee may either after entry, or without entry, proceed by suit or suits at law or in equity to enforce payment of the Bonds then Outstanding and to foreclose this Indenture and to sell the Mortgaged Property under the judgment or decree of a court of competent jurisdiction.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the holders of twenty-five per cent (25%) in aggregate principal amount of Bonds outstanding hereunder and shall have been indemnified as provided in Section 15.01 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred upon it by this Section and by Sections 14.04 and 14.05 as it, being advised by counsel, shall deem most expedient in the interests of the bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee, or to the bondholders, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Default or Event of Default hereunder, whether by the Trustee or by the bondholders, shall extend to or shall affect any subsequent Default or shall impair any rights or remedies consequent thereon.

The Company may waive any period of grace provided for in this Article.

Section 14.07. Right of Bondholders to Direct Trustee. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the Trustee to exercise any remedy or take any action available to the Trustee hereunder, including directing the method and place of conducting all proceedings to be taken for any sale of the Mortgaged Property, or for the foreclosure of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 14.08. Receiver. Upon the occurrence of an Event of Default, and upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property, and of the rents, revenues, income, issues and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer, whether or not the Mortgaged Property shall be deemed sufficient ultimately to satisfy the Bonds outstanding hereunder.

Section 14.09. Bonds Due and Payable Following Sale. Upon any sale being made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the principal of all Bonds then secured hereby, if not previously due, shall become and be immediately due and payable.

Section 14.10. Bondholders Right to Bid at Sale. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, the holder or holders of any Bond or Bonds then Outstanding or the Trustee may bid for and purchase the Mortgaged Property or any part thereof and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in his, their or its own absolute right without further accountability, and any purchasers at any such sale may, in paying the purchase money, turn in any of such Bonds or claims for interest outstanding hereunder in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon. Said Bonds, in case the amount so payable thereon shall be less than the amount due thereon, shall be returned to the holders thereof after being appropriately stamped to show partial payment.

Section 14.11. Purchaser Not Responsible for Proceeds Application. Upon any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the receipt of the Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money and such purchaser or purchasers, his or

their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustee, or of such officer therefor, be obliged to see to the application of such purchase money, or be in any wise answerable for any loss, misapplication or nonapplication thereof.

Section 14.12. Company Divested of Title. Any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture shall, if and to the extent then permitted by law, operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company of, in and to the property so sold, including all rights of redemption thereto, and be a perpetual bar both at law and in equity against the Company and against any and all persons, firms or corporations claiming or who may claim the property sold, or any part thereof, from, through or under the Company.

Section 14.13. Application of Moneys by Trustee. The proceeds of any sale made either under the power of sale hereby given or under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, together with any other amounts of cash which may then be held by the Trustee as part of the Mortgaged Property, shall be applied as follows:

First -- To the payment of all taxes, assessments, governmental charges and liens prior to the lien of this Indenture, except those subject to which such sale shall have been made, and of all the costs and expenses of such sale, including reasonable compensation to the Trustee, its agents and attorneys, and of all other sums payable to the Trustee hereunder by reason of any expenses or liabilities incurred or advances made in connection with the management or administration of the trusts hereby created;

Second -- To the payment in full of the amounts then due and unpaid for principal, premium and interest upon the Bonds then secured hereby with interest on amounts overdue as provided in Section 14.03 hereof, and in case such proceeds shall be insufficient to pay in full the amounts so due and unpaid, then to the payment thereof ratably, without preference or priority of principal or premium over interest, or of interest over principal or premium, or of any installment of interest over any other installment of interest; subject, however, to the provisions of Section 8.14 hereof;

Third -- Any surplus thereof remaining to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 14.14. Waiver of Appraisement and Other Laws. In case of an Event of Default on its part, as aforesaid, to the extent that such rights may then lawfully be waived, neither the Company nor any one claiming through or under it shall or will set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged Property may be situated, in order to prevent or hinder the enforcement or foreclosure of this Indenture, or the absolute sale of the Mortgaged Property, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, but the Company, for itself and all who may claim through

or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of The State of New Hampshire or of any other state where any of the Mortgaged Property may be situated. And the Company, for itself and all who may claim through or under it, waives any and all right to have the estates comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may sell the Mortgaged Property as an entirety.

Section 14.15. Payment Event of the Default Suits to Protect Trust Estate. The Company covenants that if an Event of Default shall exist due to the failure of the Company to make a payment of the principal of any Bonds hereby secured when the same shall become payable, whether by the maturity of said Bonds or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Bonds then secured hereby, the whole amount due and payable on all such Bonds for principal and premium, if any, and interest, and in case the Company shall fail to pay the same forthwith upon such demand, the Trustee in its own name and as trustee of an express trust, if permitted by law so to do, shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid.

The Trustee, to the extent permitted by law, shall be entitled to sue and recover judgment either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture upon the Mortgaged Property, and in case of a sale of any of the Mortgaged Property and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustee in its own name and as trustee of an express trust shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all Bonds then Outstanding, for the benefit of the holders thereof, and the Trustee shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. No recovery of any such judgment by the Trustee and no levy of any execution upon any such judgment upon any of the Mortgaged Property or upon any other property, shall in any manner or to any extent affect the lien of this Indenture upon the Mortgaged Property or any part thereof, or any rights, powers or remedies of the Trustee hereunder, or any lien, rights, powers or remedies of the holders of the said Bonds, but such lien, rights, powers and remedies of the Trustee and of the bondholders shall continue unimpaired as before.

In case of any receivership, insolvency, bankruptcy or other similar proceedings affecting the Company or its property, the Trustee shall be entitled to file and prove a claim for the entire amount due and payable by the Company under this Indenture at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Company hereunder after such date, without regard to or deduction for any amount which may have been or which may thereafter be received, collected or realized by the Trustee from or out of the Mortgaged Property or any part thereof or from or out of the proceeds thereof or any part thereof, but shall not be entitled to consent to any composition or plan of reorganization on behalf of any bondholder unless by him specifically authorized so to do.

Any moneys thus collected or received by the Trustee under this Section shall be applied by it first, to the payment of its expenses, disbursements and compensation and the expenses, disbursements and compensation of its agents and attorneys, and, second, toward payment of the

amounts then due and unpaid upon such Bonds and coupons in respect of which such moneys shall have been collected, ratably and without preference or priority of any kind (subject to the provisions of Section 8.14 hereof with respect to extended, transferred or pledged claims for interest), according to the amounts due and payable upon such Bonds, at the date fixed by the Trustee for the distribution of such moneys, upon presentation of the several Bonds and upon stamping such payment thereon, if partly paid, and upon surrender thereof, if fully paid.

Section 14.16. Trustee May Enforce Claims Without Possession of Bonds. All rights of action (including the right to file proof of claim) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as trustee, without the necessity of joining as plaintiffs or defendants any holders of the Bonds hereby secured, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds, subject to the provisions of Section 8.14 hereof with respect to extended, transferred or pledged claims for interest.

Section 14.17. Limitation on Bondholder Suits. No holder of any bond shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or for the enforcement of any other remedy afforded by the Indenture, unless a Default has occurred of which the Trustee has been notified as provided in subparagraph (g) of Section 15.01 hereof, or of which by said subparagraph it is deemed to have notice, and unless also such Default shall have become an Event of Default and the holders of twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and unless also they shall have offered to the Trustee indemnity as provided in Section 15.01 hereof; and such notification, request and offer of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for foreclosure or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds outstanding hereunder. Nothing in this Indenture contained shall, however, affect or impair the right of any bondholder which is absolute and unconditional to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof or the obligation of the Company which is also absolute and unconditional to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time and place in said Bonds expressed.

Section 14.18. Restoration of Positions. In case the Trustee shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be

restored to their former positions and rights hereunder with respect to the mortgaged property, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 14.19. Voluntary Relinquishment of Trust Estate. At any time hereafter before full payment of the Bonds secured hereby, and whenever it shall deem it to be expedient for the better protection or security of such Bonds (although then there shall be no Default or Event of Default entitling the Trustee to exercise the rights and powers conferred by this Article), the Company, with the consent of the Trustee, may surrender and deliver to the Trustee full possession of the whole or of any part of the property, premises and interest hereby conveyed for any period, fixed or indefinite. In such event, the Trustee shall enter into and upon the premises so surrendered and delivered, and shall take and receive possession thereof for such period, fixed or indefinite, as aforesaid, without prejudice, however, to its right, at any time subsequently when entitled thereto by any provision hereof, to insist upon and to maintain such possession, though beyond the expiration of any prescribed period, and the Trustee from the time of entry shall work, maintain, use, manage, control and employ the same in accordance with the provisions of this Indenture, and shall receive and apply the income and revenues thereof as provided in Section 14.04.

Article XV

The Trustee

Section 15.01. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default of which the Trustee shall have knowledge, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise thereof, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subparagraph (c) shall not be construed to limit the effect of subparagraph (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less

than a majority in principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) whether or not an Event of Default shall have occurred, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 15.02. Certain Rights of the Trustee. Except as otherwise provided in Section 15.01:

(a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof and the Trustee may act (1) upon the opinion or advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care; (2) upon any Opinion of Counsel; or (3) upon any certificate or opinion conforming to the applicable requirements of this Indenture. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in accordance with any such opinion, advice or certificate;

(b) The Trustee shall not be responsible for any recital or representation herein, or in said Bonds (except in respect of the certificate of the Trustee endorsed on such Bonds), or for the recording or rerecording, filing or refiling of this Indenture, or of any conveyance or instrument of further assurance, or for insuring the Mortgaged Property, or for the validity of, or of the execution by the Company of, this Indenture or of any conveyance or instrument of further assurance, or for the validity of, or the sufficiency of the security for, the Bonds issued hereunder or intended to be secured hereby, or for the value or title of any of the Mortgaged Property, or for the payment of or for minimizing taxes, charges, assessments or liens upon the same, or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the Mortgaged Property pursuant to any provision of this Indenture, it shall use due diligence in preserving the Mortgaged Property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the Company, except as hereinafter set forth; but the Trustee may require of the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid, and of the Company as to the condition of the Mortgaged Property;

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder or of any of the proceeds of such Bonds. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not trustee;

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof;

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon an Officers' Certificate as sufficient evidence of the facts therein contained and, prior to the occurrence of a Default of which it has been notified as provided in subparagraph (g) of this Section or of which by said subparagraph it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is or is not necessary or expedient, but may at its discretion, at the reasonable expense of the Company, in every case secure such further evidence as it may think necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Resolution in the property form, as conclusive evidence that such Resolution has been duly adopted, and is in full force and effect;

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee and the Trustee shall be answerable only for its own negligence or willful default;

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Default or Event of Default hereunder except an Event of Default arising for failure to make payment of principal, premium, if any, or interest or failure by the Company to file the documents required pursuant to Sections 8.08 or 8.09 hereof, unless and until a Responsible Officer shall have actual knowledge thereof or a written notice thereof shall be filed with the Trustee by the Company or by the holders of at least ten per cent (10%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Default or Event of Default, except as aforesaid;

(h) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in the possession of or managing the mortgaged property as in this Indenture provided;

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the Mortgaged Property, including all books, papers and contracts of the Company, and to take such memoranda from and in regard thereto as may be desired;

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises;

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action if by the Trustee deemed desirable for the purpose of establishing the right of the Company to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee; and

(l) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the bondholders pursuant to this Indenture, unless such bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Section 15.03. Trustee's Compensation. The Trustee shall have a first lien with right of payment prior to payment on account of interest or principal of any bond issued hereunder upon the Mortgaged Property for reasonable compensation, expenses, outlays and counsel fees incurred by it in and about the execution of the trusts hereby created and the exercise and performance of its powers and duties hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever, unless such liability is adjudicated to have resulted from the negligence or wilful default of the Trustee. The Company hereby covenants and agrees to pay and indemnify the Trustee for all outlays, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trusts hereby created and to reimburse and indemnify it for any expenses paid and to pay the cost and expense incurred in defending against any liability in the premises of any character whatsoever, unless such liability is adjudicated to have resulted from the negligence or wilful default of the Trustee. The Company agrees to pay the Trustee reasonable compensation for its services in the premises, which compensation shall not be limited to or governed by any provision of law in regard to the compensation of trustees of an express trust.

Section 15.04. Notice of Events of Default. If a Default or Event of Default occurs of which the Trustee is by subparagraph (g) of Section 15.02 required to take notice or if notice of a Default or Event of Default is given as in said subparagraph (g) of Section 15.02 provided, then the Trustee shall give written notice (i) of any such Event of Default or (ii) of any Event of Default if and when any such Default becomes such an Event of Default, by registered mail or

reputable overnight courier to the last known owners of all Bonds Outstanding as shown by the list of bondholders required by the terms of Section 8.13 hereof to be kept at the office of the Trustee.

Section 15.05. Intervention in Judicial Proceedings. In any judicial proceedings to which the Company is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of Bonds issued hereunder, the Trustee may intervene on behalf of the bondholders and shall do so if requested in writing by the owners of at least ten per cent (10%) of the aggregate principal amount of Bonds then Outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of the Court having jurisdiction in the premises.

Section 15.06. Conversion, Merger, Consolidation or Sale of Business of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, including the trust created hereunder, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Trustee is a party, ipso facto, shall be and become the successor trustee of the Trustee hereunder without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 15.07. Resignation of Trustee. The Trustee and any successor or successors hereafter appointed, may at any time resign from the trusts hereby created by giving thirty (30) days' written notice to the Company and the owners of the Bonds, and subject to Section 15.09 such resignation shall take effect at the end of such thirty (30) days, or upon the earlier appointment of a successor to such trustee by the bondholders or by the Company. Such notice may be served personally or sent by registered mail. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after giving such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 15.08. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Company, and signed by the owners of a majority in aggregate principal amount of Bonds then Outstanding.

Section 15.09. Resignation and Removal Becoming Effective. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 15.11.

Section 15.10. Successor or Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor trustee may be appointed by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their

attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Company by an instrument executed by order of its Board of Directors, and signed by its President or any Vice-President and attested by its Treasurer or an Assistant Treasurer under its corporate seal, may appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the bondholders in the manner above provided; and any such temporary trustee so appointed by the Company shall immediately and without further act be superseded by the trustee so appointed by such bondholders. Every such successor or temporary trustee shall be a corporation or association in good standing, having a capital and surplus of not less than One Hundred Million Dollars ($100,000,000), and organized and doing business under the laws of the United States of America or any state hereof and authorized under such laws to exercise corporate trust powers, and, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms. In the event that within one (1) year after the appointment of such temporary trustee by the Company the bondholders do not appoint a successor trustee, the appointment of the temporary trustee by the Company shall be and become final.

Section 15.11. Acceptance of Appointment by Successor. Every successor trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Company an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Company, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder. Should any deed, conveyance or instrument in writing from the Company be required by any successor trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Company. The resignation of any trustee and the instrument or instruments removing any trustee and appointing a successor hereunder, together with all deeds, conveyances and other instruments provided for in this Article shall, at the expense of the Company, be forthwith filed and/or recorded by the successor trustee in each recording office where the Indenture shall have been filed and/or recorded, provided, however, that none of said instruments shall be required to be filed and/or recorded in any recording office if, prior to the resignation of such trustee, all property of the Company located in territory served by such recording office shall have been released from the lien of the Indenture, pursuant to the provisions hereof, and a proper release or releases thereof shall have been filed and/or recorded in such recording office.

Section 15.12. Separate Trustee or Co-Trustees. If at any time or times, in order to conform to any laws of any state or territory in which the Company now holds or at any time hereafter may hold any property, the Company or the Trustee shall so request, the Company and the Trustee shall have power to appoint and shall unite in the execution, delivery and performance of all instruments and agreements necessary or proper to constitute another trust company or bank or banking institution, or one or more persons approved by the Trustee, either to act as co-trustee or co-trustees of all or any of the property subject to the lien hereof jointly with the Trustee, or to act as separate trustee or trustees of all such property or any part thereof.

Section 15.13. Payment of Certain Charges. In case the Company shall fail seasonably to pay or to cause to be paid any tax, assessment or governmental or other charge upon any part of the mortgaged property, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or of the bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the Prime Rate plus one percent per annum until paid, shall be repaid by the Company upon demand, and shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of any sale of the Mortgaged Property, if not otherwise paid by the Company; but the Trustee shall not be under any obligation to make any such payment unless requested so to do by the holders of at least ten per cent (10%) of the aggregate principal amount of Bonds outstanding hereunder and provided with adequate indemnity or funds for the purpose of such payment. The "Prime Rate" shall mean the rate of interest announced by Fleet National Bank, N.A., or its successor from time to time as its "prime commercial rate" or the equivalent.

Section 15.14. Instruments Accepted as Conclusive Evidence. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein provided that the Trustee shall examine the same to determine if they conform to the requirements of the Indenture and shall be full warrant, protection and authority to the Trustee for the authentication and delivery of Bonds or the withdrawal of cash hereunder; but the Trustee may, and the Trustee shall if requested in writing so to do by the holders of not less than ten per cent (10%) in aggregate principal amount of Bonds then Outstanding, cause to be made such independent investigation as to it may seem fit and the Trustee may decline to authenticate or deliver such Bonds or pay over such cash unless satisfied by such investigation of the truth and accuracy of the matters so investigated. The expense of such investigation shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand with interest, to the extent permitted by law, at the Prime Rate plus one percent per annum until paid.

Article XVI

Additional Provisions

Section 16.01. Immunity of Incorporators, Stockholders, Officers, Directors and Employees. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any bond hereby secured, or because of the creation of any indebtedness hereby secured, shall be had against any incorporator, stockholder, officer, director or employee, present or future, of the Company or of any successor corporation, either directly or through the Company, by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any statute or otherwise; it being expressly agreed and understood that this Indenture, and the obligations hereby secured, are solely corporate obligations, and that no personal liability whatever shall attach to or be incurred by such incorporators, stockholders, officers, directors or employees of the Company, or of any successor corporation, or any of them, because of the incurring of the indebtedness hereby authorized, or under or by reason of any of the obligations, covenants or agreements contained in this Indenture, or in any of the Bonds hereby secured, or

implied therefrom; and that any and all personal liability of every name and nature, and any and all rights and claims against every such incorporator, stockholder, officer, director or employee, whether arising at common law, or in equity, or created by statute or constitution, are hereby expressly released and waived as a condition of, and as a part of the consideration for, the execution of this Indenture and the issue of the Bonds and interest obligations secured hereby.

Section 16.02. Evidence of Action by Bondholders; Proof of Execution. Any request, direction, objection or other instrument required by this Indenture to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution; and

(b) The fact of the holding by any party of Bonds transferable by delivery and the amounts and numbers of such Bonds, and the date of the holding of the same, may be proved by a certificate executed by any trust company, bank or bankers (wherever situated) stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the Bonds therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The ownership of Bonds shall be proved by the bond register.

For all purposes of this Indenture and of any proceedings for the enforcement thereof, such person shall be deemed to continue to be the holder of such Bond until the Trustee shall have received notice in writing to the contrary.

Section 16.03. Exclusive Benefit of Indenture. Nothing expressed or mentioned in or to be implied from this Indenture, or the Bonds issued hereunder, is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds secured by this Indenture, any legal or equitable right, remedy or claim under or in respect of this Indenture, or any covenants, conditions and provisions herein contained in this Indenture and all the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds hereby secured as herein provided.

Section 16.04. Separability of Indenture Provisions. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases because it conflicts with any provision of any constitution or statute or rule of public policy, or for any other

reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

Section 16.05. Service of Notices to the Company and the Trustee. Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or any bondholder shall be sufficiently given if delivered personally or mailed first-class postage prepaid or by reputable overnight courier as follows: (i) if to the Company, to Unitil Energy Systems, Inc., 6 Liberty Lane West, Hampton, New Hampshire 03842-1720, Attention: Treasurer, or at such other address as the Company may furnish the Trustee in writing and (ii) if to the Trustee, to U.S. Bank National Association, 2 Avenue de Lafayette, Boston, Massachusetts 02111, Attention: Corporate Trust Department, or at such other address as the Trustee may furnish the Company in writing.

Section 16.06. Repayment of Unclaimed Money. In the event that any Bond issued hereunder shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for the redemption thereof and the Company shall have deposited with the Trustee for the purpose, or left with it if previously so deposited, moneys sufficient to pay or redeem such bond, the Trustee shall, upon demand of the Company, in case the holder of any such bond shall not, within six (6) years after the maturity of any such bond or the date fixed for the redemption of any such bond, claim the amount so deposited, pay over to the Company such amount, if the Company if at the time no Default or Event of Default has occurred or is continuing. The Trustee shall thereupon be relieved from all responsibility to the holder thereof and in the event of such payment to the Company the holder of any such Bond shall be deemed to be an unsecured creditor of the Company for an amount equivalent to the amount deposited as above stated for the payment thereof and so paid over to the Company.

Section 16.07. Certificates or Opinions to Trustee. Each certificate or opinion provided for in this Indenture delivered to the Trustee with respect to compliance with a condition or covenant herein contained shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not in the opinion of such person such covenant or condition has been complied with.

Section 16.08. Successors and Assigns. Subject to the provisions of Articles XII and XV hereof, whenever in this Indenture any of the parties hereto is named or referred to this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustee

shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 16.09. Counterparts. This Twelfth Supplemental Indenture shall be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16.10. Effect of Headings and Table of Contents. The cover of this Indenture and all article and descriptive headings and the table of contents are inserted for convenience only, and shall not affect any construction or interpretation hereof.

Section 16.11. New Hampshire Law Applicable. This Indenture and the Bonds shall be governed by and construed in accordance with the laws of The State of New Hampshire.

Part Two
Restatement of Terms and Provisions of Bonds of the Merger Date Series

Article I
Restatement of Terms and Provisions of Series I, 8.49% Bonds

Section 1.01. Terms and Provisions of Series I, 8.49% Bonds. The terms and provisions of the Series I, 8.49% Bonds which were set forth in the Eighth Supplemental Indenture are hereby amended and restated in their entirety in Exhibit C attached hereto, which shall become effective as of the Merger Date and control with respect to all terms and provisions of the Series I, 8.49% Bonds and the Eighth Supplemental Indenture as of the Merger Date shall have no further force or effect with respect thereto.

Article II
Restatement of Terms and Provisions of Series J, 6.96% Bonds

Section 1.01. Terms and Provisions of Series J, 6.96% Bonds. The terms and provisions of the Series J, 6.96% Bonds which were set forth in the Ninth Supplemental Indenture are hereby amended and restated in their entirety in Exhibit D attached hereto, which shall become effective as of the Merger Date and control with respect to all terms and provisions of the Series J, 6.96% Bonds and the Ninth Supplemental Indenture as of the Merger Date shall have no further force or effect with respect thereto.

Article III
Restatement of Terms and Provisions of Series K, 8.00% Bonds

Section 1.01. Terms and Provisions of Series K, 8.00% Bonds. The terms and provisions of the Series K, 8.00% Bonds which were set forth in the Tenth Supplemental Indenture are hereby amended and restated in their entirety in Exhibit E attached hereto, which shall become effective as of the Merger Date and control with respect to all terms and provisions of the

Series K, 8.00% Bonds and the Tenth Supplemental Indenture as of the Merger Date shall have no further force or effect with respect thereto.

Part Three
Terms and Provisions of Exchange Bonds

Article I
Terms and Provisions of Series L, 8.49% Bonds

Section 1.01. Terms and Provisions of Series L, 8.49% Bonds. As a result of the Merger, the Exeter Bonds described in clause (iv) of Article III of the Restated Indenture, are being exchanged as of the Merger Date for new Series L, 8.49% Bonds of the Company, the terms and provisions for which are set forth in Exhibit F attached hereto.

Article II
Terms and Provisions of Series M, 6.96% Bonds

Section 1.01. Terms and Provisions of Series M, 6.96% Bonds. As a result of the Merger, the Exeter Bonds described in clause (v) of Article III of the Restated Indenture, are being exchanged as of the Merger Date for new Series M, 6.96% Bonds of the Company, the terms and provisions for which are set forth in Exhibit G attached hereto.

Article III
Terms and Provisions of Series N, 8.00% Bonds

Section 1.01. Terms and Provisions of Series N, 8.00% Bonds. As a result of the Merger, the Exeter Bonds described in clause (vi) of Article III of the Restated Indenture, are being exchanged as of the Merger Date for new Series N, 8.00% Bonds of the Company, the terms and provisions for which are set forth in Exhibit H attached hereto.

In Witness Whereof, Unitil Energy Systems, Inc. has caused this instrument to be executed in its corporate name by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and to be attested by its Treasurer or one of its Assistant Treasurers, and U.S Bank National Association, to evidence its acceptance of the trust hereby created, has caused this instrument to be executed in its corporate name by an Authorized Officer, all as of the day and year first above written.

Unitil Energy Systems, Inc.

By:
---(Corporate
Michael J. Dalton, President Seal)

Attest:

- ---
Mark H. Collin, Treasurer

U.S. Bank National Association

By:

Authorized Officer

Attest:

- ---
Authorized Officer

Schedule A - LIST OF PROPERTIES

Part I - MERRIMACK COUNTY PROPERTIES*

Properties and Transmission Line Easement Rights Located in Towns of Allenstown, Boscawen, Bow, Canterbury, Chichester, Dunbarton, Epsom, Hopkinton, Loudon, Pembroke, Salisbury and Webster, all in Merrimack County, New Hampshire

1. Rights reserved with respect to premises located on Capitol Street in the City of Concord conveyed by the Company to 9-15 Capitol Street Corporation by deed dated December 30, 1980, recorded in Book 1386, Page 199.

2. The substation property situated on the southerly side of Bridge Street in Concord, New Hampshire shown on plan prepared by Richard D. Bartlett entitled "Resubdivision, Boundary & Physical Evidence Survey for Concord Electric Co." dated October 9, 1979, and recorded as Plan No. 6942, together with rights of passage and other easement rights owned in connection therewith, being the lands and rights acquired by the Company by the following deeds:

		Recorded	
Name of Grantor	Date of Deed	Book	Page
John S. Bartlett et als	July 01, 1901	344	98
Eva L. Swain, Guardian	October 27, 1925	478	515
New England Cable Company	January 19, 1937	552	364
Boston and Maine Railroad	July 08, 1937	556	72
Boston and Maine Railroad	June 21, 1949	665	477
Metropolitan Coal Company	July 08, 1937	556	70
The State of New Hampshire	November 20, 1951	703	392
The State of New Hampshire	February 18, 1955	765	140
Tenney Coal Company	February 02, 1940	573	569
Boston and Maine Railroad	January 15, 1942	591	349
The State of New Hampshire	March 21, 1950	677	209
Arthur J. Boutwell	November 11, 1925	478	110
P.F.P. Concord, Inc.	February 18, 1981	1388	280

except (a) that portion of the lands so acquired as lies easterly of the westerly line of the Frederic E. Everett highway as acquired by The State of New Hampshire by layout and award dated

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* All conveyances relate to premises located in Merrimack County, New Hampshire and all recording references are to records on file at the Merrimack County Registry of Deeds, Concord, New Hampshire

Schedule A
(to Twelfth Supplemental Indenture)

February 10, 1949, (b) that portion of the premises acquired from Boutwell (Book 478, Page 110) and the Boston and Maine Railroad (Book 591, Page 349) as conveyed by the Company to PFP Concord, Inc. by deed dated February 18, 1981, recorded in Book 1388, Page 283, but subject to a covenant in favor of the Company, and (c) that portion of the premises acquired as conveyed by the Company to John L. Hyde and Charles W. Thompson by deed dated December 28, 1981, recorded in Book 1408, Page 652, subject to the reserved easement rights described therein with respect to the operation, repair and expansion of the said substation.

3. Certain transmission and distribution facilities and easement rights with respect to land located in Concord, New Hampshire formerly part of the so-called Sewalls Falls Hydro Electric Generating Station, as reserved in deed dated December 23, 1969, recorded in Book 1065, Page 370.

4. The Penacook service building property located northerly of East Street in that portion of Concord, New Hampshire, called Penacook and being the property acquired by the Company by deed of Penacook Electric Light Company dated May 31, 1917, recorded in Book 434, Page 263, subject to the dam and flowage rights reserved by The Contoocook Manufacturing and Mechanic Company in its deed dated August 1, 1891, recorded Book 294, Page 474, and to a sewer pipe right of way conveyed by the Company to the City of Concord by deed dated January 17, 1924, recorded in Book 469, Page 22, except Parcel 1 thereof as was conveyed by the Company to David T. Kenney and Pearl A. Kenney by deed dated November 2, 1972, recorded in Book 1152, Page 435.

5. The substation property situated in Concord, New Hampshire, southerly of Pleasant Street, the land for which, together with a right of way to Pleasant Street, was acquired by the Company by deeds of the Carmelite Monastery of Concord dated November 1, 1950, recorded in Book 689, Page 262 and dated September 17, 1957, recorded in Book 819, Page 6, subject to easement rights for a driveway as conveyed by the Company to Carmelite Monastery of Concord by deed dated September 11, 1959, recorded in Book 849, Page 482.

6. The substation property situated in Concord, New Hampshire, bordering on Old Loudon Road, the land for which was acquired by the Company by deed of George J. Bourassa and Winifred Bourassa dated June 8, 1954, recorded in Book 749, Page 499.

7. The substation property situated in Concord, New Hampshire, bordering on Gulf Street, the land for which was acquired by the Company by deeds of Emma L. Welch dated April 23, 1928 and January 13, 1949, recorded in Book 494, Page 419 and in Book 658, Page 190, respectively and by deed of Public Service Company of New Hampshire dated March 22, 1949, recorded in Book 665, Page 454, except (a) portion thereof as was conveyed by the Company to Public Service Company of New Hampshire by deeds dated January 19, 1949, and March 23, 1949, recorded in Book 658, Page 194 and Book 665, Page 450 respectively, (b) portion thereof as was acquired by the City of Concord in the layout of Gulf Street under date of July 27, 1953, and (c) subject to slope easement granted to the State of New Hampshire with respect to highway construction on State-owned property abutting land of the Company in Concord, New Hampshire as conveyed by Corporation Slope Easement deed dated April 3, 1997, recorded in Book 2051,

Page 1883, as corrected by Corrective Slope Easement deed dated July 9, 1997, recorded in Book 2062, Page 865.

8. The substation property situated in Concord, New Hampshire, lying easterly of North State Street, the land for which was acquired by the Company by deed of Thomas Fox dated June 25, 1925, recorded in Book 479, Page 95, together with a right of way leading from said land to North State Street, acquired by said deed from Fox and by the following instruments:

Name of Grantor	Date	Recorded Book	Page
Elmer W. Olson et als	October 15, 1931	519	320
The State of New Hampshire by Charles B. Clarke, Agent	March 22, 1935	536	412
Elmer W. Olson	October 16, 1931	519	325

subject to a sewer pipe right of way conveyed by the Company to the City of Concord by deed dated February 5, 1930, recorded in Book 519, Page 323.

9. The substation property situated in that portion of Concord, New Hampshire, called Penacook bordering in part on the Daniel Webster Highway, on Penacook Street and on Abbott Road, the land for which and certain rights owned in connection therewith were acquired by the Company under the following deeds:

Name of Grantor	Date	Recorded Book	Page
First National Bank of Concord	February 29, 1940	566	263
First National Bank of Concord	July 12, 1940	579	230
Public Service Company of New Hampshire	December 16, 1940	583	115
C. M. & A. W. Rolfe, Inc.	October 29, 1941	585	559
Public Service Company of New Hampshire	March 7, 1956	786	322

subject to an electric line right of way owned by Public Service Company of New Hampshire and other rights referred to in said deed recorded in Book 566, Page 263, and except so much of said land as was conveyed by the Company under the following deeds:

Name of Grantee	Date	Recorded Book	Page
C. M. & A. W. Rolfe	November 1, 1941	585	560
Arthur Brodeur	October 11, 1946	631	252

James F. Freeman and Rose A. Freeman	April 5, 1950	677	251
Asa A. Batchelder and Evelyn M. Batchelder	July 12, 1950	710	294
Celestia A. Loranger	June 29, 1966	986	460
Merrimack Valley School District	March 7, 1967	1002	177\1

10. The substation property situated in Concord, New Hampshire on the easterly side of South Main Street, the land for which was acquired by the Company by deed of William E. Sleeper dated August 29, 1950, recorded in Book 686, Page 42, except (a) portion thereof as was conveyed by the Company to The State of New Hampshire by deed dated June 5, 1956, recorded in Book 792, Page 90, (b) portion thereof as was conveyed by the Company to Humble Oil & Refining Company by deed dated July 11, 1972, recorded in Book 1138, Page 229, and (c) portion thereof as was conveyed by the Company to The State of New Hampshire by deed dated November 5, 1987, recorded in Book 1687, Page 108.

11. The regulator station property situated in Canterbury, New Hampshire, bordering on West Road -- North, the land for which was acquired by the Company by deed of Ralph Graham et als, dated March 4, 1950, recorded in Book 677, Page 162.

12. A lot of land bordering on High Street in Salisbury, New Hampshire, acquired by the Company by deed of Ralph H. Rogers and Elizabeth Rogers dated May 20,1953, recorded in Book 731, Page 171.

13. Tract of about 6,500 sq. ft. located on the Dover Road in the Town of Chichester, acquired as site for regulator station by deeds to the Company of following grantors:

Edward Gibbs, Jr. and Blanche J. Gibbs dated November 1, 1958, recorded in Book 833, Page 325, and further deed of same grantors dated November 26, 1958, recorded in Book 836, Page 125.

Try-Gen, Inc. dated April 22, 1959, recorded in Book 844, Page 11, except portion thereof (4,950 sq. ft.) condemned by the State of New Hampshire for highway construction purposes under RSA 498-A:5 of the laws of the State of New Hampshire, said taking by Notice of Condemnation dated August 30, 1991, recorded in Book 1866, Page 1358.

14. Tract of about 130,000 sq. ft. situate on Old Turnpike Road in the City of Concord, acquired as site for future substation, by deed of Concord Regional Development Corporation dated December 30, 1958, recorded in Book 836, Page 544, except portion thereof

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1/ Excepting and reserving easement rights with respect to said substation and associated transmission lines. See also Transmission Line Easement conveyed by Utility Easement deed of Merrimack Valley School District to Concord Electric Company, dated March 7, 2001, recorded in Book 2253, Page 003.

(26,476 sq. ft.) as was conveyed by the Company to Concord Regional Development Corporation by deed dated August 2, 1972, recorded in Book 1141, Page 148.

15. Tract of about 3,300 sq. ft. located off North State Street in the City of Concord, as well as all interest of the grantor in the adjoining easterly one-half of the Railroad location, acquired by deed of C. M. Rice Paper Company dated June 1, 1965 recorded in Book 964, Page 189, subject, however, to a sewer easement as conveyed by the Company to the City of Concord, by deed dated December 7, 1965, recorded in Book 977, Page 31.

16. Tract of about 30,000 sq. ft. located on the road from Boscawen to Canterbury in the Town of Boscawen, acquired as site for Boscawen distribution substation, by deed of Edward G. and Marion S. Powell dated September 2, 1960, recorded in Book 870, Page 24, subject to slope easement as conveyed by the Company to the State of New Hampshire with respect to highway construction on State-owned property abutting land of the Company in Concord, New Hampshire, by Corporation Slope Easement deed dated September 6, 1995, recorded in Book 1998, Page 610.

17. Easement rights for a transmission line and access as reserved in deed of the Company to Riverside Millwork Company, Inc. by deed dated March 22, 1982, recorded in Book 1412, Page 409, and shown on plan prepared by Richard D. Bartlett entitled "Boundary Survey Only for Concord Electric Company Location, Merrimack Street, Penacook, New Hampshire" dated September 1, 1981, recorded as Plan No. 7025.

18. Tract of 4.9 acres located near McGuire Street in the City of Concord, acquired as site for Service Center building by deed of Franklin Hollis dated February 28, 1964, recorded in Book 940, Page 403 and related relocation of State of New Hampshire right of way per Indenture between the Company and the State dated December 30, 1964, recorded in Book 954, Page 397.

19. Tract of about 22,500 sq. ft. on Langdon Street in the City of Concord, acquired as site of Langdon Street distribution substation by deed of B. & M. Realty Corporation dated February 5, 1965, recorded in Book 956, Page 72.

20. Tract of about 39,000 sq. ft. located on West Portsmouth Street in the City of Concord, acquired as distribution substation site, by deed of The State of New Hampshire dated November 3, 1966, recorded in Book 997, Page 299.

21. Rights-of-way for 3.2 miles of transmission line between West Concord distribution substation and St. Paul's School as conveyed by following deeds:

Recording Reference				
Date of Deed	Book	Page	Grantor	Location
Mar. 16, 1959	849	537	St. Paul's School\2	Concord

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2/ This easement released March 11, 1964 in connection with the conveyance of a subsequent easement on that date to the Company by the same grantor, recorded in Book 939, Page 415.

Recording Reference Date of Deed	Book	Page	Grantor	Location
Apr. 06, 1959	842	147	Martin E. & Dorothy M. White	Concord
Feb. 02, 1960	857	344	W. Grant & Thelma H. McIntosh	Concord
Nov. 22, 1960	874	174	Germaine B. & C. Murray Sawyer and Joseph & Elizabeth Jordan	Concord
Nov. 22, 1960	874	172	Germaine B. Sawyer et al	Concord
Dec. 31, 1960	874	449	Daniel J. & Mary V. Scully	Concord
May 01, 1962	899	37	City of Concord	Concord
July 10, 1962	903	81	State of New Hampshire	Concord
Mar. 19, 1963	918	58	Josephine W. & Edgar F. Woodman	Concord
Mar. 11, 1964	939	415	St. Paul's School	Concord
June 18, 1964	945	531	Germaine B. & C. Murray Sawyer	Concord
Dec. 30, 1964	955	24	New England Telephone & Telegraph Co.	Concord
Aug. 27, 1965	968	535	New England Telephone & Telegraph Co.	Concord
June 29, 1962	907	169	New England Box Company	Concord\3

22. Rights-of-way relating to 1.2 miles of transmission line between Penacook distribution substation and tap in Penacook Village in the City of Concord serving Brezner Tanning Corp. as conveyed by following deeds:

Recording Reference Date of Deed	Book	Page	Grantor	Location
Apr. 06, 1959	841	315	Howard E. & Luwilda M. Raymond	Concord
Feb. 01, 1961	876	103	John H., Isabel, David J., and Edwina L. Morrill	Concord
Feb. 01, 1961	876	153	Raymond F. & Thelma P. George	Concord
Jan. 01, 1961	877	71	City of Concord	Concord
June 28, 1962	899	465	John G. & Katherine J. Toomey	Concord

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3/ The latter conveyance was of the full title to the subject parcel. Tracts II and III thereof were thereafter conveyed by the Company to John Swenson Granite Company, Inc. by deed dated June 29, 1964, recorded in Book 941, Page 542, reserving a transmission line easement to the Company. Tract III thereof was thereafter conveyed by the Company to City of Concord, conveyed to the City of Concord by Deed dated October 19, 1979, recorded in Book 1360, Page 220.

Date of Deed	Recording Reference Book	Page	Grantor	Location
Mar. 07, 1967	1003	203	Merrimack Valley School District\4	Concord
Aug. 09, 1967	1016	448	Arthur S. & Florence M. Brodeur	Concord
Aug. 07, 1967	1016	451	Harold L. & Rena M. Bradford	Concord
Aug. 08, 1967	1016	443	Lewis & Barbara C. Kelso	Concord
Oct. 10, 1967	1016	452	Felix & Patronyne Brodeur	Concord
Aug. 08, 1967	1016	447	Olive F. Stevens	Concord
Oct. 03, 1967	1016	446	Robert K. & Virginia D. Scott	Concord

23. Rights-of-way for 2.8 miles of transmission line between Boscawen distribution substation and tap in Penacook Village in the City of Concord serving Brezner Tanning Corp. as conveyed by following deeds:

Date of Deed	Recording Reference Book	Page	Grantor	Location
Sept. 02, 1960	870	26	George A. & Bessie L. Raymond	Boscawen
Sept. 08, 1960	870	83	William T. & Mina C. Jordan	Boscawen
Nov. 19, 1960	872	181	Edgar R. & Beverly Crete	Boscawen
Nov. 21, 1960	872	196	William T. & Mina C. Jordan	Boscawen
Jan. 01, 1961	877	34	Concord Savings Bank	Concord
Jan. 24, 1961	876	165	R. Louis, Elaine G., Arnold R., and Arlene Martin	Boscawen
Jan. 17, 1961	877	28	Arthur N. Runnells and Concord Savings Bank	Concord
Jan. 28, 1961	876	151	Maurice A. & Theodora D. Drolet	Boscawen
May 09, 1961	881	95	State of New Hampshire	Boscawen

24. Rights-of-way for 7.5 miles of transmission line in the Town of Boscawen, acquired by deed of Public Service Company of New Hampshire dated March 11, 1960, recorded in Book 857, Page 513, except for that portion thereof conveyed to the State of New Hampshire by deed of the Company dated April 14, 1961, recorded in Book 881, Page 97.

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4/ Subject to thirty (30) foot right of way and other easement rights as conveyed by the Company to NE Tel. and Tel. Co. by deed dated February 3, 1992, recorded in Book 1876, Page 739.

25. Rights-of-way for .96 miles of transmission line between Concord Plains substation of the Company and Sprague Electric Company plant on Pembroke Road in the City of Concord as conveyed by the following deeds:

Date of Deed	Recording Reference Book	Page	Grantor	Location
July 26, 1960	865	455	Jessie E. Pedeare	Concord
Aug. 22, 1960	865	447	L. J. & Elizabeth G. Denis	Concord
Aug. 26, 1960	866	490	Harold & L. Marie Johnson	Concord\5
Aug. 26, 1960	866	489	Louise V. Cherette	Concord
Aug. 26, 1960	866	527	Jennie M. Robbins	Concord
Mar. 29, 1961	876	412	Merrimack Power Company\6	Concord
Mar. 30, 1961	876	410	Oscar L. Drew\7	Concord

26. Tract of about 16,500 sq. ft. located on the Bow Bog Road in the Town of Bow, acquired as site for Bow distribution substation, by deed of Arthur W. and Laura B. Sargent dated June 2, 1969, recorded in Book 1054, Page 120.

27. Right-of-way for 355 feet of transmission line between Langdon Street substation of the Company and the McKerley Medical Care Center off South Street in the City of Concord, conveyed by deed of Capitol Dodge, Inc. dated June 9, 1971, recorded in Book 1102, Page 77.

28. Tract of about 1.13 acres located on Iron Works Road in the City of Concord, acquired as site for distribution substation, conveyed by deed of the State of New Hampshire, dated October 31, 1973, recorded in Book 1194, Page 87.

29. Tract of about 7 acres located on East Sugar Ball Road in the City of Concord, acquired for 1155 feet of transmission line between Hazen Drive and Hollis substations of the Company conveyed by deed of Francis J. Faucher, dated January 25, 1974, recorded in Book 1201, Page 413, except portion thereof (2.82 acres.) condemned by the State of New Hampshire for highway construction purposes under RSA 498-A:5 of the laws of the State of New Hampshire, said taking by Notice of Condemnation dated August 1, 1977, recorded in Book 1300, Page 714, as amended January 5, 1978, recorded in Book 1312, Page 206.

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5/ See also Right-of-way for approximately 1220 feet of underground transmission facilities along the southerly side of Branch Turnpike in the City of Concord, conveyed to the Company by deed of Johnson Estates, Inc., dated May 28, 1986, recorded in Book 1602, Page 940.

6/ Deed conveys full title rather than transmission line easement only.

7/ Deed conveys full title rather than transmission line easement only. Tract of approximately 6.64 acres located northerly of Pembroke Road in the City of Concord, conveyed by the Company to A & G Realty by deed dated November 8, 1985, recorded in Book 1537, Page 259, subject to reserved transmission line rights as described therein.

30. The substation property situated in Concord, New Hampshire on the southerly side of Hazen Drive, the land for which was acquired by the Company by deed of (a) Richard L. and Linda L. Clark dated February 27, 1974, recorded in Book 1203, Page 513 (approximately 13,083 sq. ft.), except portion thereof (5,000 sq. ft.) as was conveyed by the Company to United Church of Christ Retirement Center, Inc. by deed dated June 8, 1978, recorded in Book 1322, Page 570, and (b) United Church of Christ Retirement Community, Inc., dated June 1, 1978, recorded in Book 1322, Page 503 (approximately 8,250 sq. ft.), as corrected by deed dated November 22, 1978, recorded in Book 1336, Page 497, and (c) Stanley H. Prescott dated April 8, 1974, recorded in Book 1206, Page 448 (for access).

31. Tract of about 5.6 acres located on the westerly bank of the Merrimack River in the City of Concord, acquired as the site for transmission line river crossing tower, conveyed by deed of the Estate of Bertha Salvucci dated June 10, 1974, recorded in Book 1216, Page 251.

32. Rights-of-way relating to 3.1 miles of transmission line between Hollis substation of the Company and a tap on the transmission line between Bridge Street and West Portsmouth Street substations of the Company, conveyed by the following deeds:

Recording Reference				
Date of Deed	Book	Page	Grantor	Location
Mar. 29, 1972	1127	414	State of New Hampshire	Concord
Dec. 07, 1973	1197	248	Christopher H. Edmunds	Concord
Dec. 10, 1973	1197	252	Ernest A. Boulay	Concord
Jan. 11, 1974	1200	91	Christopher H. Edmunds	Concord

33. License to cross land owned by the State of New Hampshire in the City of Concord with a portion of the transmission line between the West Concord and Penacook substations of the Company to serve Weeks-Concord Dairy, Inc., granted by the New Hampshire Public Utilities Commission by its Order No. 11367, dated April 5, 1974, recorded in Book 1236, Page 303.

34. Right-of-way for about 215 feet of transmission line from a tap on the transmission line between the Garvins Falls substation of Public Service Company of New Hampshire and the Bridge Street substation of the Company, acquired to serve Flanders Office Building on Loudon Road east of the Merrimack River in the City of Concord, conveyed by deed of Stanley A. Bartlett and Phyllis M. and G. Alvin Towle, dated February 14, 1975, recorded in Book 1235, Page 450.

35. Right-of-way for about 2000 feet of transmission line in the City of Concord from a tap on the transmission line between the Pleasant Street and West Concord substations of the Company to serve United Life and Accident Insurance Company, conveyed by deed of the City of Concord, dated April 22, 1975, recorded in Book 1241, Page 40.

36. Tract of about 6.39 acres located on Sewalls Falls Road in the City of Concord, acquired as site for bulk power supply step-down station, 115KV to 34.5KV, conveyed by deed of Edward J. Sullivan, dated May 8, 1978, recorded in Book 1321, Page 371.

37. Right-of-way for about 700 feet of transmission line in the City of Concord from a tap on the Company's transmission line between its Terrill Park and Bridge Street substations, acquired as part of the necessary easements to serve the Flanders Office Building, so-called, on Loudon Road in the City of Concord, conveyed by deed of Earl L. and Dorothy J. Flanders, dated February 14, 1975, recorded in Book 1242, Page 214. See also Schedule A, Part II, Item 5 of the Company's Third Supplemental Indenture dated as of July 1, 1975, from which this acquisition was inadvertently omitted.

38. Right-of-way to provide for the relocation of about 843 feet of transmission line in the City of Concord between the Penacook and Boscawen substations of the Company across premises of the Grantor on Merrimack Street in the Village of Penacook, conveyed by quitclaim deed of Riverside Millwork Company, Inc., dated October 14, 1976, recorded in Book 1282 page 1069.

39. Transmission line easement in the City of Concord between the Hazen Drive and Hollis substations of the Company acquired by the Company by deed of United Church of Christ Retirement Center, Inc., dated June 26, 1978, recorded in Book 1323, Page 270.

40. Right-of-way to provide for relocation of about 845 feet of transmission line in the City of Concord between the Gulf Street and Bridge Street substations of the Company across premises acquired by deed of the State of New Hampshire, dated January 17, 1980, recorded in Book 1366, Page 63.

41. Right-of-way for about 520 feet of transmission line in the City of Concord between the Bow Junction and Pleasant Street substations of the Company, conveyed by deed of Concord Union School District, dated September 10, 1981, recorded in Book 1403, Page 29, confirmed by deed dated June 9, 1982, recorded in Book 1417, Page 877.

42. License for about 1.8 miles of transmission line in the City of Concord between the Bow Junction and Pleasant Street substations of the Company excepting those portions of the line which cross (a) the premises with respect to which an easement was conveyed to the Company by Concord Union School District (Item 5 above) and (b) premises of the Company located on Iron Works Road. This license, dated June 30, 1982, was granted by Governor and Council pursuant to Order No. 15,618 of the New Hampshire Public Utilities Commission, recorded in Book 1420, Page 759.

43. Tract of approximately 0.46 acres located on the southerly side of Branch Turnpike in the City of Concord acquired by the Company by deed of A & G Realty, dated November 8, 1985, recorded in Book 1537, Page 263.

44. Leasehold rights with respect to a certain parcel of land located on the southerly side of U.S. Route 4 in Epsom, New Hampshire, for use as a step-down transformer location, a "mobil sub," and any appurtenant equipment necessary or convenient for the operation thereof pursuant to a certain Lease Agreement by and between Dennis Nolin and David Pauliotte (collectively "Lessor") and Concord Electric Company ("Lessee"), dated June 8, 1988, and

recorded in Book 1731, Page 397, such agreement having a term of five years, and a renewal option for an additional five year term.

45. Leasehold rights with respect to a certain parcel of land located on the southerly side of U.S. Route 4 in Epsom, New Hampshire for use as a step-down transformer location, a "mobil sub," and any appurtenant equipment necessary or convenient for the operation thereof pursuant to a Lease Agreement between Dennis Nolin and David Pauliotte and Concord Electric Company dated May 28, 1993 and recorded in Book 1917, Page 1853, for a term of five years and a renewal option for an additional five year term.

46. Transmission Line Easement conveyed by Utility Easement deed of Capital Regional Development Council to Concord Electric Company, dated May 27, 1999, recorded in Book 2158, Page 842.

47. Transmission Line Easement conveyed by instrument entitled Addition to Utility Easement granted by Capital Regional Development Council to Concord Electric Company, dated December 21, 2000, recorded in Book 2236, Page 1542.

48. Transmission Line Easement conveyed by Utility Easement deed of Irene C. Bridges to Concord Electric Company, dated February 12, 2001, recorded in Book 2243, Page 601.

49. Transmission Line Easement conveyed by Utility Easement deed of Park Plaza Limited Partnership to Concord Electric Company, dated February 6, 2002, recorded in Book 2361, Page 789.

50. Transmission Line Easement conveyed by Utility Easement deed of Irving Oil Corporation to Concord Electric Company, dated October 17, 2002, recorded in Book 2418, Page 1908.

51. All lines of poles and wires, both transmission and distribution, situated in the City of Concord and the Towns of Allenstown, Boscawen, Bow, Canterbury, Chichester, Dunbarton, Epsom, Hopkinton, Loudon, Pembroke, Salisbury and Webster, all in the County of Merrimack, in The State of New Hampshire, including without limiting the generality of this description, all rights, privileges, easements in the Company's transmission line running from Garvins Falls, in said Concord, to that section of Concord known as Penacook, with all connections, appliances, appurtenances and apparatus connected therewith, including transformers, services, meters, switches and other devices, with all rights of way, franchises and locations existing in respect thereto, situated in the City of Concord and the towns above mentioned.

SCHEDULE A

Part II - Rockingham County Properties*

Properties and Transmission Line Easement Rights Located in Towns of Exeter, Hampton, Hampton Falls, Seabrook, Stratham, Kingston, East Kingston, South Hampton, Newton, Danville, Plaistow, Atkinson, Kensington, North Hampton, Greenland, Brentwood, Derry, and Hampstead, all in Rockingham County, New Hampshire

1. Rights reserved with respect to premises located on southerly side of South Street in the Exeter conveyed by the Company to John A. Bell, the State of New Hampshire and John W. Flynn, Jr., as tenants in common, by deed dated December 27, 1978 and recorded in Book 2329, Page 1241.

2. The substation property, situated in Exeter, New Hampshire, on the Southerly side of River Street, so-called, and being the same premises acquired by the Company by deed of Fred L. Colcord, dated July 3, 1926, recorded in Book 815, Page 279, and including the right of the Company to erect and maintain a transmission line or lines from the conveyed premises across the Exeter River, so-called, as included in said conveyance.

3. The switching-station property, situated in Exeter, New Hampshire, on the Southerly side of the Exeter River, so-called, and being the same premises acquired by the Company by deed of The Trustees of The Phillips Exeter Academy, dated December 14, 1939, recorded in Book 963, Page 275, together with a right-of-way twelve (12) feet in width extending from Gilman's Lane, so-called, on other property of said Trustees to the conveyed switching station property. Said right-of-way hereinabove referred to was discontinued as of the fifteenth day of March, 1947 and an additional right-of-way in lieu thereof twelve (12) feet in width was conveyed to Exeter & Hampton Electric Company by The Trustees of The Phillips Exeter Academy by deed dated March 15, 1947, recorded in Book 1073, Page 407, as appurtenant to the right and easement to maintain an underground system from said switching-station lot to High Street, so-called, therein conveyed.

4. The substation property, situated in Hampton, New Hampshire, on the Southerly side of Lafayette Avenue, so-called, and being the same premises acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Sept. 25, 1926	804	123	Simeon A. Shaw	Hampton
Oct. 28, 1935	896	381	Simeon A. Shaw	Hampton

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* All conveyances relate to premises located in Rockingham County, New Hampshire, and all recording references are to records on file at the Rockingham County Registry of Deeds, Exeter, New Hampshire.

Said premises are conveyed subject to the rights of The State of New Hampshire and/or the Town of Hampton, to construct and maintain an approach to the overhead bridge maintained across property of the Boston & Maine Railroad, along and over the Westerly side of the conveyed property.

5. The substation property, situated in Hampton, New Hampshire, on the Glade Path, so-called, and being the same premises acquired by the Company by deed of Hampton Beach Improvement Company, dated November 8, 1926, recorded in Book 831, Page 13.

6. The substation property, situated in Hampton, New Hampshire, on the Guinea Road West, so-called, and being the same premises acquired by the Company by deed of Clarence T. Brown, dated August 17, 1926, recorded in Book 804, Page 43.

7. The substation property, situated in Kingston, New Hampshire, and being the same premises acquired by the Company by deed of John W. Trow, dated May 28, 1937, recorded in Book 931, Page 157, except that portion of the premises acquired (approximately 1350 square feet) as conveyed by the Company to Edward B. Holt and Helen J. Holt by deed, dated January 26, 1988, recorded in Book 2727, Page 1232, subject to transmission easement rights reserved therein.

The above described property is conveyed subject to a right to erect, maintain and operate a transmission line or lines as acquired by Rockingham County Light and Power Company under deed of Mary J. Crosby, dated May 18, 1904, recorded in Book 601, Page 389, which right is now owned and operated by New Hampshire Electric Company, and more specifically described as the right to maintain a transmission line consisting of poles, wires and all necessary appurtenances, together with a right to keep clear of all growth detrimental to the proper operation of said line, a space of one rod on either side of the center line thereof.

8. The substation property situated on Glade Path in Hampton, New Hampshire, in that section known as Hampton Beach acquired by the Company by deed of Hampton Beach Improvement Company, dated February 21, 1949, recorded in Book 1124, Page 37.

9. The substation property situated in Plaistow, New Hampshire, on the Easterly side of Witch Lane, so-called, acquired by the Company by deed of Roger B. Hill, dated August 16, 1951, recorded in Book 1219, Page 63, except (a) those portions of the premises acquired as conveyed by the Company to the Town of Plaistow by deeds, dated June 27, 1977, recorded in Book 2287, Page 172 and Book 2287, Page 173, (b) that portion of the premises acquired as conveyed by the Company to the Dart Container Corporation by deed dated June 27, 1977, recorded in Book 2293, Page 1350, and (c) easement as conveyed by the Company to New England Telephone and Telegraph Company by deed, dated June 25, 1979 recorded in Book 2341, Page 1050.

10. The distribution lines, property, rights and franchises formerly owned by Plaistow Electric Light & Power Company, situate principally in the Towns of Plaistow and Atkinson, both in New Hampshire, as acquired by the Company by deed of Plaistow Electric Light & Power Company, dated September 30, 1926, recorded in Book 816, Page 470.

11. A license to construct and maintain a line of transmission wires and poles over and across public waters in the Towns of Hampton and Hampton Falls, New Hampshire, as shown by Petition D-E3308, Exeter & Hampton Electric Company to New Hampshire Public Utilities Commission, Vol. XXXVI, Page 89.

12. A license to construct and maintain a line of transmission wires and poles over and across lands of the Legatees under the Will of Moses Eaton, in the Town of Seabrook New Hampshire, as shown by Petition D-E3327, Exeter & Hampton Electric Company to New Hampshire Public Utilities Commission, Vol. XXXVI, Page 189, and further recorded with Rockingham County Registry of Deeds, Book 1323, Page 228.

13. A tract of land, including without limitation the Service Building located thereon, situated in Kensington, New Hampshire, on the Drinkwater Road, so-called, acquired by the Company by deed of John W. York, dated June 14, 1954, recorded in Book 1319, Page 33, subject to the reservation of the said John W. York to the use of a right-of-way approximately fifteen (15) feet in width extending from said Drinkwater Road to other land of said John W. York, lying Easterly of the land therein conveyed, for men, teams, vehicles, and for all necessary and desirable purposes, subject, however, to the understanding and agreement that said right-of-way shall not be fenced or made subject to gates and bars, that the said John W. York shall assume all expenses of maintenance thereof, and that said Company, its successors or assigns, shall have full and unimpeded rights of using said right of way whenever necessary or desirable, except that portion of the premises acquired as conveyed by the Company to Arthur H. Chapman and Marion J. Chapman by deed dated December 26, 1968, recorded in Book 1955, Page 91.

14. A tract of land situated in Seabrook, New Hampshire, acquired by the Company by deed of Charles Fogg Janvrin, dated May 21, 1954, recorded in Book 1316, Page 425.

15. The East Kingston distribution substation located on the northerly side of the East Kingston Road with a capacity of 1,500 KVA and consisting of a transformer, switching facilities and associated apparatus, together with a connection to the Kingston transmission line, constructed on a tract of land acquired by the Company under a deed of Robert H. and Marjorie E. Andersen, dated January 28, 1957, recorded in Book 1422, Page 215.

16. 3.4 miles of transmission line rights-of-way, including without limitation, transmission and distribution wires and poles located thereon, situated in Stratham, New Hampshire, acquired by the Company under the following deeds:

Date of Deed	Recording Reference Book	Page	Grantor	Location
Dec. 22, 1951	1307	351	Mary E, Summerfield	Stratham
Nov. 12, 2002	TBR	TBR	Cabernet Builders of Stratham, L.L.C.	Stratham
	1315	496	Carrie J. Rollins	Stratham
May 14, 1954	1315	360	Earle L. Stockbridge, Executor of the Will of Florence E. Rollins	Stratham

Oct. 26, 2002	TBR*	TBR*	Thornhill Condominium Association	Stratham
May 22, 1985	2545	2989	Walter Biery	Stratham
_____, 2002	TBR*	TBR*	Rollins Hill Development, L.L.C.	Stratham
Mar. 17, 1987	2674	665	Christine A. Eldridge	Stratham
Dec. 18, 1986	2650	521	Winifred and Louise Pazzanese	Stratham
_____, 2002			Winifred M. Pazzanese	Stratham
Dec. 18, 1986	2674	662	Charlan Chapman	Stratham
Nov. 21, 1986	2644	1473	Daniel A. Daudelin	Stratham
Nov. 30, 1982	2442	109	Virginia Holmgren and Lucy Perry	Stratham
May 08, 1978	232	951	Lucy Perry	Stratham
May 04, 2001	3577	1449	Parkman Brook Development, LLC	Stratham
Jan. 24, 2002	3713	990	Parkman Brook Development, LLC (corrective deed)	Stratham
Nov. 1, 2002	TBR*	TBR*	Cameron Sewall, Trustee of the Cameron Sewall 1987 Trust; and Joan M. Sewall, Trustee of the Joan M. Sewall 1987 Trust	Stratham
Feb. 26, 2002	3770	2311	Joseph Falzone as Trustee of Bunker Hill Realty Trust	Stratham
Dec. 24, 1950	1194	457	H. Roby and Nellie M. Jewell	Stratham
Nov. 15, 2002	TBR*	TBR*	William A. Woods	Stratham
_____, 2002	TBR*	TBR*	Public Service Company of New Hampshire	Stratham
Dec. 1950	1194	454	Nelson E. and Levi H. Barker	Stratham
Oct. 23, 1963	PUC Order, in Condemnation		Archibald & Lucille Harding	Hampton Falls
May 06, 1963	1669	194	Russell P. Merrill Sr. & Jr.	Hampton Falls

*TBR = To be recorded

17. A right-of-way for purposes of transmission and distribution lines, situated in Hampton, New Hampshire, acquired by the Company by deed of Henry V. Dupuis, dated July 21, 1955, recorded in Book 1362, Page 81.

18. A tract of land for purposes of transmission and distribution lines, situated in Hampton, New Hampshire, acquired by the Company by deed of Richard J. Oosting and Olive B. Oosting, dated May 27, 1955, recorded in Book 1355, Page 476.

19. The 33 KV Kingston transmission line 11.8 miles in length consisting of rights of way with poles, wires and apparatus erected thereon running from a point near the Company's Guinea Road switching station in Hampton, New Hampshire, through the Towns of Hampton, Hampton Falls, Kensington, East Kingston and Kingston, New Hampshire, to a distribution substation at West Kingston Road in Kingston, acquired by the Company under the following deeds:

Deed of the New Hampshire Electric Company, dated December 31, 1955, recorded in Book 1383, Page 102;

Deed of Horace B. Philbrick, dated November 27, 1957, recorded in Book 1453, Page 111;

together with a tie between said transmission line and the Guinea Road station constructed upon rights of way theretofore owned by the Company.

21. Rights-of-way to widen the 11.8 miles of 33 KV Kingston transmission line to 100 feet to provide for a second circuit in the future from the Company's Guinea Road Switching Station in Hampton, New Hampshire, through the towns of Hampton, Hampton Falls, Kensington, East Kingston and Kingston, New Hampshire, to a distribution substation at West Kingston Road, Kingston, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Jan. 11, 1961	1574	72	Edward B. & Helen J. Holt	Kingston
Dec. 07, 1960	1571	40	Thomas D. & Jean M. Spinella	Kingston
Nov. 24, 1961	1609	95	Chas. W. & Clinton W. Senter	Kingston
Jan. 14, 1961	1574	70	Warren W. & Marjorie N. George	Kingston
Jan. 28, 1961	1574	584	Arthur E. Alton	Kingston
Dec. 17, 1960	1571	43	John A. & Anna W. Greene	Kingston
Jan. 05, 1962	1613	331	Amanda C. Goodwin et alii	Kingston
Sept. 23, 1961	1600	341	Sarkis Bannaian	Kingston
Jan. 23, 1962	1614	403	George E. & Edith Arnold	Kingston
Jan. 10, 1962	1613	329	John E. & Gardner Ladd	Kingston
Jan. 10, 1962	1613	324	E. M. Bowley & J. B. Dutton	Kingston
Jan. 14, 1961	1574	82	Frieda M. & Walter R. Modlich	Kingston
Jan. 11, 1961	1574	75	Kenneth & Gladys F. Hoyt	Kingston
Apr. 01, 1961	1579	84	Beverly S. & Mary S. Chamberlain	Kingston
Apr. 01, 1961	1579	87	Beverly S. & Mary S. Chamberlain	East Kingston
Jan. 11, 1961	1574	55	Arnold L. & A. Elvena Belcher	East Kingston
Jan. 11, 1961	1574	84	Lucy A. Sprague	East Kingston
Nov. 25, 1961	1609	103	Frederick P. & Dorothy H. Montrose	East Kingston

Date of Deed	Book	Page	Grantor	Location
Jan. 28, 1961	1574	587	Archie D. & Ellen B. Osmond	East Kingston
Nov. 25, 1961	1609	100	Frederick P. & Dorothy H. Montrose	East Kingston
Dec. 17, 1960	1571	227	George E. & Lillian A. Henshaw	East Kingston
Jan. 11, 1961	1574	62	Henry H. & Emily H. Clark	East Kingston
Jan. 23, 1962	1614	405	Harold P. Nason	Kingston
Nov. 25, 1961	1609	98	Arlan T. & Jacqueline W. Clements	Kingston
Jan. 27, 1962	1615	299	Nellie R. Shattuck	Kingston
Mar. 22, 1962	1620	368	John J. Bakie	Kingston
Apr. 26, 1961	1580	546	John W. & Nora M. Tuthill (Lot)	Kingston
Jan. 14, 1961	1574	79	G. Austin & Donald A. Kemp	East Kingston
Dec. 17, 1960	1571	35	J. Edward & Annie L. Stevens	East Kingston
Dec. 17, 1960	1571	38	J. Edward & Annie L. Stevens	East Kingston
Jan. 12, 1962	1613	326	John W. & Jessie E. York	East Kingston
Apr. 15, 1961	1580	539	Wendell E. & Doris M. Sweetser	East Kingston
Apr. 15, 1961	1580	535	Wendell E. & Doris M. Sweetser	East Kingston
Oct. 18, 1961	1603	360	Richard E. Sargent	East Kingston
Jan. 31, 1961	1574	581	Paul W. & Marian C. Kimball	Kensington
Jan. 14, 1961	1574	60	Parker M. Blodgett	Kensington
Apr. 29, 1961	1581	224	Margaret M. Alger	Kensington
Apr. 26, 1961	1580	542	John W. & Nora M. Tuthill	Kensington
Jan. 11, 1961	1574	57	Elmer C. & Bernice E. Brewer	Kensington
Sept. 09, 1961	1599	294	Horace B. Philbrick	Kensington
Dec. 24, 1962	1656	258	Louis E. & Merida Daigneault	Kensington
May 10, 1961	1582	156	David C. & Joan T. Engel	Kensington & Hampton Falls
Sept. 9, 1961	1599	287	John P. & Nancy P. Hall	Hampton Falls
Sept. 15, 1961	1600	338	Chas. F. & Lucille C. Savage	Hampton Falls
Mar. 30, 1961	1579	92	Earl G. & Katherine P. Warfield	Hampton Falls
Mar. 30, 1961	1579	90	Agnes R. Knight	Hampton Falls
May 01, 1961	1599	290	Stanley A. Hamel	Hampton Falls
Sept. 01, 1961	1599	292	Homer A. Johnson	Hampton
Dec. 29, 1962	1656	263	Wilbert M. & Jennie A. Swett	Kingston
Dec. 29, 1962	1656	256	Helen D. Ball\8	Kingston
Dec. 29, 1962	1656	261	Arthur H. Penniman\9	Kingston

22. Additional rights-of-way to widen the 11.8 miles of 34 KV Kingston transmission line to 100 feet to provide for a second circuit in the future from the Company's Guinea Road Switching Station in Hampton, New Hampshire, through the towns of Hampton, Hampton Falls,

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8/ Except portion thereof released by deed from the Company to Helen D. Ball dated January 3, 1963, recorded in Book 1656, Page 266.

9/ Except portion thereof released by deed from the Company to Arthur H. Penniman dated January 3, 1963, recorded in Book 1656, Page 265.

Kensington, East Kingston and Kingston, New Hampshire, to a distribution substation at West Kingston Road, Kingston, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Dec. 6, 1966	1847	103	William F. Tucker, Jr.	Kingston
May 19, 1966	1821	554	Lyman B. Pope	Kingston
May 13, 1966	1823	490	Ethel Milbury	Kingston
June 07, 1966	1823	147	Cleveland Webster and Robert Kuegel	Kensington
Jan. 02, 1965	1751	095	Heirs of I. Webster	Kingston
Sept. 14, 1964	1739	001	Joseph Noble	Hampton Falls
Nov. 13, 1965	1796	450	Elizabeth Kudaruska and Benjamin Checkoway	Hampton and Hampton Falls
July 24 1967	1869	494	Edward & Helen Holt	Kingston
Mar. 25, 1965	1761	026	Augustine & George Hurley	Kingston
Feb. 28, 1967	1857	012	State of New Hampshire	Kingston
Mar. 18, 1966	1862	377	Jenney Mfg. Co.	Kingston
May 17, 1966	1823	104	Unknown Owners - Gerald Giles G/A/L	Kingston and Kensington
Oct. 19, 1964	1738	498	Ruth Simes	Kingston
May 17, 1966	1823	167	Nathan Battles	Kingston
May 17, 1966	1823	126	Robert & Marjorie Anderson	East Kingston
Nov. 3, 1965	1796	456	Cora Colby	Kensington
Sept. 21, 1964	1739	005	John & Nora Tuthill (Lot)	Kensington
May 17, 1966	1823	187	Abbie Simes	Kingston

23. 2.5 miles of transmission line rights-of-way running from a tap in Hampton Falls, on the Hampton to Exeter transmission line to the Sylvania Electric Products, Inc., plant on Portsmouth Avenue, Exeter, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
June 26, 1963	1676	423	Irene A. Barker	Exeter
May 17, 1963	1672	235	Amede & Florence Baillargeon	Exeter
July 16, 1963	1679	497	Henry & Cecilia D. Saltonstall	Exeter
May 18, 1963	1672	233	Ralph V. & Alice E. Amsden	Exeter
July 10, 1963	1679	5	Edward & Elsa Rogalski	Exeter & Stratham
P.U.C. Order, October 23, 1963, in Condemnation			Archibald & Lucille Harding	Hampton Falls
May 06, 1963	1669	194	Russell P. Merrill Sr. & Jr.	Hampton Falls

24. 1.9 miles of transmission line rights-of-way running from the Exeter Substation on River Street to Drinkwater Road, Exeter, New Hampshire, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Mar. 17, 1960	1539	488	Trustees of the P. E. A.	Exeter
Feb. 24, 1960	1537	470	John F. Sanborn	Exeter

25. Rights-of-way at Hampton for moving transmission lines to allow for the construction of New Hampshire Route 101-C, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Mar. 11, 1960	1539	116	Town of Hampton	Hampton
Feb. 23, 1960	1537	446	Jessie M. Toppan	Hampton
Feb. 23, 1960	1537	449	Walter H. Purington	Hampton

26. Rights reserved with respect to premises located on southerly side of South Street in the Exeter conveyed by the Company to John A. Bell, the State of New Hampshire and John W. Flynn, Jr., as tenants in common, by deed dated December 27, 1978, recorded in Book 2329, Page 1241.

27. 1.5 miles of transmission line rights-of-way from a tap in Exeter on the transmission line to Sylvania Electric Products, Inc. and running westerly in Exeter and Stratham and including a substation lot, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Oct. 08, 1965	1793	091	Sylvania Electric Products, Inc.	Exeter
Feb. 21, 1966	1851	452	Paul Molloy	Exeter
Oct. 09, 1965	1792	093	Harold & Vera Haley (Lot)	Exeter and Stratham\10
Feb. 03, 1966	1809	253	Callahan Realty Corp.	Stratham
Feb. 08, 1966	1809	250	Lionell Labonte	Stratham
Feb. 04, 1966	1811	450	Julia Scammon	Stratham
Mar. 08, 1966	1853	382	Edward Laviolette	Stratham
Oct. 09, 1965	1792	094	Harold & Vera Haley	Stratham

28. Lot of land adjacent to substation lot on River Street, Exeter, acquired by the Company by deed of Lena Bondi, dated September 27, 1965, recorded in Book 1789, Page 180.

29. Distribution substation lot and 400 feet of distribution rights-of-way on easterly side of Route 125 in Plaistow, acquired by the Company by deed of Old County Court Inc., dated May 15, 1965, recorded in Book 1774, Page 407.

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10/ Except that portion of the premises acquired as conveyed by the Company to the State of New Hampshire by deed dated July 29, 1997, recorded in Book 3233, Page 195, subject to reserved rights as stated therein.

30. 7 miles of transmission line rights-of-way running from Plaistow substation to the plant of Process Engineering, Inc. in Plaistow, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Nov. 26, 1966	1845	088	Myron & Mary Sorenson (Lot)	Plaistow
Aug. 03, 1966	1831	119	Gordon A. Cheney	Plaistow
Oct. 25, 1966	1842	097	Donald & Marilyn Senter	Plaistow
Oct. 27, 1966	1841	567	Process Engineering, Inc.	Plaistow
July 14, 1966	1829	435	Nettie Bell Hill	Plaistow
Nov. 21, 1966	1844	510	Nicholas & Grace Kay	Plaistow

31. Transmission line rights-of-way in the Town of Seabrook, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Apr. 13, 1964	1711	340	Town of Seabrook	Seabrook
Apr. 07, 1964	1711	454	John D. Fogg	Seabrook

32. 1.1 miles of transmission line rights-of-way running through the Bailey Company property to a distribution substation site on Cemetery Lane in Seabrook, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
June 08, 1967	1866	016	Melvin & Helen S. Morgan	Seabrook
May 22, 1967	1861	463	Bailey Company\11	Seabrook
Mar. 28, 1967	1857	009	Richard & Alice Holloway	Seabrook
June 08, 1967	1863	412	K. J. Quinn Company	Seabrook
Sept. 15, 1967	1877	412	John W. Durgin, Jr. (Lot)	Seabrook
Sept. 15, 1967	1877	413	John W. Durgin, Jr.	Seabrook

33. 5.2 miles of transmission line rights-of-way running from a point on the Guinea Road to Hampton transmission line in town of Hampton. Running through the towns of Hampton, Hampton Falls, South Hampton and Seabrook, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Feb. 02, 1966	1810	016	Public Service Company of N.H. (Lot)	Hampton
Feb. 02, 1966	1810	011	Public Service Company of N.H.	Hampton, Hampton Falls, South Hampton and Seabrook\12

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11/ Possibly subject to condemnation by Public Service Company of New Hampshire for Seabrook Station, said taking by Petition for Condemnation filed with New Hampshire Public Utilities Commission on April 9, 1974, said Petition and Order thereon, recorded in Book 2220, Page 1659

12/ Except (a) that portion of the premises acquired as conveyed by the Company to Ray W. Coombs by deed dated January 31, 1969, recorded in Book 1955, Page 93, (b) that portion of the premises acquired as conveyed by the Company to Howard L. Janvrin, Jr. and Betty J. Janvrin by deed dated April 5, 1971, recorded in Book 2062, Page 85, in exchange for other rights acquired by the Company, (c) that portion of the premises acquired as conveyed by the Company to Raymond F. Lalime and Diane Lalime by deed dated April 5, 1971, recorded in Book 2062, Page 88, in exchange for other rights acquired by the Company, (d) that portion of the premises acquired as conveyed by the Company to George W. Lonergan and Drucilla H. Lonergan by deed dated April 5, 1971, recorded in Book 2062, Page 91, in exchange for other rights acquired by the Company, (e) that portion of the premises acquired as conveyed by the Company to Anthony Smoker and Sandra E. Smoker by deed dated April 5, 1971, recorded in Book 2062, Page 94, in exchange for other rights acquired by the Company, (f) that portion of the premises acquired as conveyed by the Company to Arthur G. Dupuis and Frances M. Dupuis by deed dated April 5, 1971, recorded in Book 2062, Page 97, in exchange for other rights acquired by the Company, (g) that portion of the premises acquired as conveyed by the Company to Daniel E. Dow by deed dated April 5, 1971, recorded in Book 2062, Page 98, in exchange for other rights acquired by the Company, (h) that portion of the premises acquired as conveyed by the Company to Richard S. Robie by deed dated May 12, 1971, recorded in Book 2071, Page 350, in exchange for other rights acquired by the Company, and (i) that portion of the premises acquired as conveyed by the Company to Applecrest Farm Orchards, Inc. by deed dated September 14, 1971, recorded in Book 3061, Page 006, in exchange for other rights acquired by the Company. See Paragraph 35, below.

34. Distribution rights-of-way located in various towns as indicated, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Feb. 18, 1964	1706	360	Irving E. & Anna E. Peaslee	Plaistow
Dec. 15, 1964	1748	003	Paul W. Hobbs & James A. Bricket Trs.	Hampton
May 26, 1967	1862	379	Town of Hampton	Hampton
June 29, 1965	1774	004	Bernice K. Davis	Danville
June 29, 1965	1774	006	Alden & Francis Colby	Danville

35. Easements to widen portions of 5.2 miles of transmission line right-of-way from a point on the Guinea Road to Hampton transmission line, in Hampton, through Hampton Falls and Seabrook, and acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Mar. 31, 1971	2062	081	Edwin L. Batchelder, Jr.	Hampton
Apr. 21, 1971	2066	040	Flora B. Hurd	Hampton
Apr. 07, 1971	2066	037	Ernest N. & Rose V. Brown	Hampton Falls
Mar. 17, 1971	2079	291	Applecrest Farm Orchards, Inc.	Hampton Falls
July 06, 1971	2080	203	Francis J. & Anne M. Ferreira	Hampton Falls
Mar. 20, 1971	2062	092	Anthony & Sandra E. Smoker	Hampton Falls
Mar. 31, 1971	2062	086	Raymond F. & Diane LaLime	Hampton Falls
Mar. 20, 1971	2062	083	Howard L. & Betty J. Janvrin	Hampton Falls
Mar. 20, 1971	2066	034	Daniel E. Dow	Hampton Falls
Mar. 20, 1971	2062	095	Arthur G. & Frances Dupuis	Hampton Falls
Mar. 20, 1971	2062	089	George W. & Drucilla H. Lonergan	Hampton Falls
June 16, 1971	2076	402	Helen Evans Woodworth	Hampton Falls

Date of Deed	Book	Page	Grantor	Location
June 15, 1971	2076	400	Walter & Edna Combs	Hampton Falls
May 12, 1971	2068	146	Richard S. Robie	Hampton Falls
Sept. 01, 1970	2032	272	Lloyd Graves	Hampton
Sept. 03, 1968	1928	164	John W. Durgin, Jr.	Seabrook

36. 2.1 miles of transmission line right-of-way running from a point on the Hampton to Hampton Beach transmission line to a substation on High Street, in Hampton, acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Feb. 09, 1968	1897	348	Bruce M. Fall & Ruth V. Aquizap	Hampton
Apr. 17, 1970	2011	252	Mary Ruth Perkins	Hampton
May 26, 1970	2016	464	Byron Redman	Hampton
May 26, 1970	2016	466	Donald Northway	Hampton
Apr. 17, 1970	2011	260	Vrylna Olney	Hampton\13
Jan. 04, 1971	2050	141	Marion Garland	Hampton\14
Feb. 10, 1970	2004	014	Moses Brown	Hampton\15
May 08, 1970	2014	169	John W. Durgin, Jr. (Lot)	Hampton
Apr. 17, 1970	2011	258	Robert Mace	Hampton
Apr. 17, 1970	2011	265	Robert Mace	Hampton
Mar. 10, 1970	2006	368	Flora & Gary Hurd	Hampton
Oct. 29, 1969	1991	418	Homer A. Johnson	Hampton
Oct. 29, 1969	1991	420	Arthur & Florence Lamprey	Hampton
Aug. 01, 1969	1978	190	Town of Hampton	Hampton
Nov. 26, 1969	1995	474	Lloyd C. Ring	Hampton
Dec. 12, 1969	1998	008	John & Irene Hines	Hampton
Mar. 10, 1970	2006	370	Francis & Irene O'Connor	Hampton

37. Distribution substation lot and 400 feet of distribution right-of-way on westerly side of Hampton Road, in Exeter, acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Sept. 25, 1970	2036	105	Ralston Tree	Exeter
Sept. 16, 1970	2034	436	Exeter & Hampton Mobile Home	Exeter
Sept. 16, 1970	2034	434	Exeter & Hampton Mobile Home (Lot)	Exeter\16

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13/ Partially relocated pursuant to Easement Deed of Meadow Pond Farm Corporation dated April 29, 2002, recorded in Book 3792, Page 219.

14/ Released and relocated pursuant to Easement Deed of Meadow Pond Farm Corporation and Ice House Lane Condominium Association dated April 29, 2002, recorded in Book 3792, Page 209.

15/ Partially relocated pursuant to Easement Deed of Town of Hampton, New Hampshire dated June 24, 2002, recorded in Book 3792, Page 203.

16/ Subject to easement rights granted by the Company to First Altex Realty Trust, Third Altex Realty Trust, and Renwick Realty by deed, dated January 31, 1985, recorded in Book 2531, Page 0654.

38. Parcel of land adjacent to Guinea Road Switching Station, in Hampton, acquired by deed of Lloyd Graves, dated September 1, 1970, recorded in Book 2032, page 271.

39. Easements to widen transmission line rights-of-way from Guinea Road Switching Station 0.3 mile in Hampton, to the transmission lines of Public Service Company of New Hampshire, acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Sept. 1, 1970	2032	275	Billie and Oletha Barton	Hampton
Sept. 1, 1970	2032	274	Billie and Oletha Barton (Lot)	Hampton
Sept. 1, 1970	2032	277	Roger James	Hampton

40. 0.3 mile transmission line right-of-way from Exeter Switching Station to Phillips Exeter Academy Substation, and lot of land, acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
July 09, 1968	1918	294	Phillips Exeter Academy	Exeter
July 09, 1968	1918	292	Phillips Exeter Academy	Exeter
July 09, 1968	1918	291	Phillips Exeter Academy (Lot)	Exeter

41. Lot of land adjacent to Service Building on Drinkwater Road, Kensington, acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
July 26 1968	1921	432	Carolyn Christie\17	Kensington
Mar. 11, 1069	1955	089	Arthur Chapman	Kensington

42. Distribution rights-of-way located in various towns as indicated, acquired by the Company under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Feb. 23, 1971	2057	080	B-Jack Investments, Inc.	Exeter
Feb. 23, 1971	2057	082	Brickside Corporation	Exeter
Aug. 19, 1968	1927	205	Samuel H. Tamposi	Seabrook
Feb. 06, 1969	1960	024	Paul D. Dichter	Seabrook
Sept. 15, 1969	1985	146	Weare Park Associates	Seabrook
Dec. 01, 1969	1996	482	First Development Corporation	Seabrook
Oct. 22 1969	1992	260	Exeter Manor Nursing Home	Exeter
Aug. 30, 1969	1990	468	Roselle Iron Works, Inc.	Kingston

- ----------
17/ Except that portion of the premises acquired as conveyed by the Company to Arthur H. Chapman and Marion J. Chapman by deed dated December 26, 1968, recorded in Book 1955, Page 91

43. Easements for transmission line right-of-way from Powder Mill Road in Exeter to Charter Street in Exeter, a distance of 5810 feet, and a lot of land acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Jan. 31, 1972	2136	135	Walter A. Stone	Exeter
April 4, 1972	2134	39	Jerry W. Belmonte	Exeter
Oct. 27, 1972	2182	86	John W. Durgin (Lot)	Exeter
Nov. 08, 1972	2184	438	Richard I. LaPerle	Exeter
Mar. 16, 1973	2199	461	Norman L. Judkins	Exeter
Mar. 16, 1973	2199	463	Francis L. Keaton	Exeter
Mar. 20, 1973	2199	459	Richard Irvine	Exeter

44. Lot of land on southerly side of Old Westville Road in Plaistow for a distribution substation acquired by deed of Westville Mkt. Inc., dated March 6, 1972, recorded in Book 2125, Page 268.

45. Easements to widen portion of transmission line right-of-way located in Hampton Falls, which is part of the Seabrook Loop right-of-way, acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
June 23, 1971	2076	400	Walter W. Combs	Hampton Falls
June 23, 1971	2076	402	Helen C. Woodworth	Hampton Falls
July 07, 1971	2079	291	Apple Crest Farm Orchards, Inc.	Hampton Falls
July 09, 1971	2080	203	Francis J. Ferreira	Hampton Falls

46. Lot of land on westerly side of Mill Road in Kingston for a substation acquired by deed of Richard W. and Sylvia Senter, dated March 4, 1974, recorded in Book 2207, Page 1072, subject to a transmission line easement owned by Public Service Company of New Hampshire.

47. Lot of land on the southerly side of Rocks Road, in Seabrook, 100 feet by 200 feet, for a distribution substation, acquired by deed of John W. Durgin, dated September 27, 1974, recorded in Book 2230, Page 1620, subject to a 30 foot easement for the benefit of New England Telephone and Telegraph Company.

48. Easements for pole lines to service new industrial customers adjacent to the Boston & Maine Railroad in Hampton acquired under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Nov. 10, 1975	2247	838	Charles G. and Mary O. White	Hampton
Dec. 08, 1975	2249	396	Dunfey Family Corp.	Hampton
Dec. 19, 1975	2249	1828	Webb Family Trust	Hampton

49. Tract of approximately .43 acres on the southerly side of Route 1 in the Town of Hampton, New Hampshire, adjacent to the southerly boundary of the existing Hampton Substation, conveyed to the Company by deed of the State of New Hampshire, dated September 15, 1980, and recorded in Book 2377, Page 978. (Also provided is a utility easement located between this parcel and the southerly sideline of US Route 1, containing 0.10 acres, more or less.)

50. Right-of-way for approximately 900 feet of transmission line construction in the Town of Hampton, New Hampshire to extend the 3341 and 3360 lines into Public Service Company of New Hampshire's Timber Swamp Substation, conveyed by deed of Public Service Company of New Hampshire, dated February 23, 1983, recorded in Book 2437, Page 238.

51. Right-of-way for approximately 80 feet of transmission line construction in the Town of Hampton, New Hampshire to extend the 3341 and 3360 lines into Public Service Company of New Hampshire's Timber Swamp Substation, conveyed by deed of Thomas L. & Patricia M. Deardeuff, dated July 15, 1982, recorded in Book 2418, Page 22.

52. Right-of-way for approximately 3300 feet of underground transmission line for the relocation of a portion of the 3359 line through the site of the Seabrook Nuclear Plant in the Town of Seabrook, New Hampshire, conveyed by deed of Properties, Inc., dated September 15, 1978, recorded in Book 2321, Page 591.

53. Right-of-way for approximately 1470 feet of transmission line located in Town of Hampton, New Hampshire, conveyed by deed of the State of New Hampshire, dated March 26, 1987, recorded in Book 2668, Page 1455.

54. Easement exchange between Properties, Inc. and Exeter & Hampton Electric Company to straighten a certain section of the 3359 Transmission Line to run parallel to and alongside a certain section of a 345 kV Transmission Line from the Seabrook Plant.

Granted from Properties, Inc. to Exeter & Hampton Electric Company are rights-of-way for a 100 foot strip across a portion of four (4) parcels acquired by Properties, Inc. under the following deeds:

Date of Deed	Book	Page	Grantor	Location
Parcel 1:				
May 10, 1971	2070	31	Town of Seabrook	Seabrook
May 11, 1971	2233	281	Karl J.E. Grove	Seabrook
May 10, 1971	2071	252	Bruce G. & Cynthia L. Brown	Seabrook
June 8, 1984	2496	1470	Properties, Inc. v. Natalie B. Chase, et als. (Rockingham County Superior Court #E-22-84)	Seabrook

Date of Deed	Book	Page	Grantor	Location
Parcel 2:				
June 8, 1971	2074	217	Chase Enterprises, Inc.	Seabrook
May 12, 1971	2071	250	Colin W. Stard (Portion of "Parcel 1")	Seabrook
Parcel 3:				
April 7, 1971	2070	21	Forrest C. Chase	Seabrook
May 12, 1971	071	250	Colin W. Stard (Portion of "Parcel 2")	Seabrook
Parcel 4:				
May 10, 1971	2234	1196	Ray W. Coombs	Seabrook
Additional Easement:				
May 12, 1992	2927	2505	Public Service Company of New Hampshire to Grantor	Seabrook

55. Easement Deed of Town of Exeter, New Hampshire dated December 11, 1995, recorded in Book 3136, Page 1638, conveying easement rights with respect to property in said Exeter.

56. All lines of poles and wires, both transmission and distribution, situate in the Towns of Exeter, Hampton, Hampton Falls, Seabrook, Stratham, Kingston, East Kingston, South Hampton, Newton, Danville, Plaistow, Atkinson, Kensington, North Hampton, Greenland, Brentwood, Derry, and Hampstead, all in the County of Rockingham, in The State of New Hampshire, including without limiting the generality of this description all rights, privileges and easements in the Company's transmission line running from said Exeter to that section of said Hampton known as Hampton Beach, the transmission line running from said Hampton to said Exeter, and the transmission line running from Kingston to the substation property acquired by said Company by deed of Roger B. Hill, dated August 16, 1951, recorded in Book 1219, Page 63, with all connections, appliances, appurtenances and apparatus connected therewith, including transformers, meters, switches and other devices, with all rights of way, franchises and locations existing in respect thereto including rights of way acquired but not presently utilized for transmission line purposes, of which the Company is possessed, situated in the Towns above mentioned.

[Form of Bond]

Unitil Energy Systems, Inc.

First Mortgage Bond, Series ___, _____%
Due _____

No. ____ $_____

Unitil Energy Systems, Inc., a corporation organized under the laws of the State of New Hampshire (hereinafter called the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the _____ day of _____, _____, the principal sum of _____ Dollars ($_____) and to pay interest thereon from the date hereof at the rate of _____ per centum (_____%) per annum (computed on the basis of a thirty (30) day month and a three hundred sixty (360) day year) payable [insert frequency] on [insert payment dates] in each year, commencing with the ____ day of _____, _____, until said principal sum is paid; and to pay interest on any overdue principal (including any overdue prepayment of principal) and premium, if any, and (to the extent permitted by applicable law) on any overdue payment of interest at the rate of [insert overdue rate] % per annum. The principal of, premium, if any, and the interest on this bond shall be payable at the corporate trust office of U.S. Bank National Association, in Boston, Massachusetts, or at the corporate trust office of its successor as Trustee of the trust hereinafter referred to, or at the option of certain holders in accordance with the provisions of Section 7.05 of the Indenture hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a series known as First Mortgage Bonds, Series ____, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (herein called the "Original Indenture") duly executed and delivered by the Company to Old Colony Trust Company (U.S. Bank National Association being successor Trustee and together with each predecessor trustee being called the "Trustee"), which, together with all indentures supplemental thereto, was amended and restated by the execution and delivery of a Twelfth Supplemental Indenture dated as of December 2, 2002 (the "Amended and Restated Indenture"), to which Amended and Restated Indenture and to all indentures supplemental thereto, including a Supplemental Indenture (the "_____ Supplemental Indenture") dated as of _____ (the Amended and Restated Indenture together with all indentures supplemental thereto, herein being the "Indenture") reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustee and of the Company in respect of such security. Neither the foregoing reference to the Indenture, nor any provision of this bond or of

the Indenture, shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay, at the stated or accelerated maturities herein provided, the principal of and premium, if any, and interest on this bond as herein provided.

[Bonds of this Series _____ are entitled to the benefit of a required sinking fund provided for in the _____ Supplemental Indenture and shall become subject to redemption for the purposes of such sinking fund at the principal amount thereof without premium, plus interest accrued thereon to the date of such redemption, all on the conditions and in the manner provided in the _____ Supplemental Indenture.]

[Bonds of this Series _____ are also redeemable, in whole or in part, in integral multiples of _____ dollars, at the option of the Company on any date on at least 30 days' notice, in the manner, with the effect, subject to the limitations and for the amounts specified in Section _____ of the _____ Supplemental Indenture.]

[On the conditions and in the manner provided in the Section _____ of the _____ Supplemental Indenture, Series _____ Bonds may also become subject to redemption, in whole or in part, at any time on at least 30 days' notice, in the manner, with the effect and for the amounts specified in said Section _____, by the use of moneys deposited with or paid to the Trustee as the proceeds of the sale or condemnation of property of the Company or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property of the Company.]

[In the event that all or any part of the bonds of this Series _____ shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such Series _____ Bonds shall be entitled to be paid therefor an amount specified in Section _____ of the _____ Supplemental Indenture.]

The Indenture provides that, if notice of redemption of any bond issued pursuant to its terms, including the Series _____ Bonds, or of any portion of the principal amount of any such bond selected for redemption has been duly given, then such bond or such portion thereof shall become due and payable on the redemption date, and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue from and after the redemption date, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given, or provision thereof made as provided in the Indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture.

In case an Event of Default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This Bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the corporate trust office of

the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized denomination or in authorized denominations and of the same series, for the same aggregate principal amount. Bonds of Series _____ upon surrender thereof at said office may be exchanged for the same aggregate principal amount of fully registered bonds of Series _____ of another authorized denomination or other authorized denominations, all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for all purposes.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, any of the provisions of the Indenture or of any instrument supplemental thereto may be modified by the assent or authority of the holders of at least seventy-five per centum (75%) in principal amount of the bonds then outstanding thereunder, provided, however, that no such modification shall (i) extend the time or times or payment of the principal of, or the interest or premium, if any, on any bond, (ii) reduce the principal amount thereof or the rate of interest or premium thereon, (iii) authorize the creation of any lien prior or equal to the lien of the Indenture upon any property subject to the lien thereof, or deprive any bondholder of the benefit of the lien of the Indenture, (iv) affect the rights under the Indenture of the holders of one or more, but less than all, of the series of bonds outstanding thereunder unless assented to by the holders of seventy-five per centum (75%) in aggregate principal amount of bonds outstanding thereunder of each of the series so affected, (v) reduce the percentage of bonds, the holders of which are required to assent to any such modification, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto.

No recourse shall be had for the payment of the principal of or the interest on this bond or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment of penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

In Witness Whereof, Unitil Energy Systems, Inc. has caused this bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Treasurer or one of its Assistant Treasurers, and this bond to be dated the _____ day of _____.

Unitil Energy Systems, Inc.

By

Name:

Title:
---

attest:

Treasurer

(Corporate Seal)

[Form of Trustee's Certificate of Authentication]

Trustee's Certificate of Authentication

This is one of the First Mortgage Bonds, Series _____ referred to in the within mentioned Indenture.

U.S. Bank National Association, Trustee

By:

Authorized Officer

(Form of Endorsement)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond, and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said bond on the books of the Company, with full power of substitution in the premises.

Dated:

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Signature of Registered Owner

In the presence of

NOTICE: The signature of this assignment must correspond with the name of the payee as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Unitil Energy Systems, Inc.

Certificate of Net Bondable Expenditures

Certificate of Net Bondable Expenditures filed with U.S. Bank National Association (as successor to Old Colony Trust Company), Trustee, under Indenture of Mortgage and Deed of Trust dated as of July 15, 1958, as amended and restated by the Twelfth Supplemental Indenture thereto dated as of December 2, 2002 (the "Amended and Restated Indenture"), as such Amended and Restated Indenture may be supplemented (such Amended and Restated Indenture, as so supplemented, the "Indenture").

The undersigned, _____ and _____, being President and Treasurer, respectively, of Unitil Energy Systems, Inc. (the "Company"), a New Hampshire corporation, being duly sworn, depose and state as follows:

Upon application for Authentication and Delivery under Article IV of $_____ of First Mortgage Bonds, Series

(or here substitute appropriate language if certificate is in connection with withdrawal of cash or taking of credit)

the undersigned do hereby certify that the summary statements herein contained covering (i) the period from June 30, 1952 to, but not including, December 2, 2002 (the "Merger Date") for Exeter and Hampton Electric Company ("Exeter"), (ii) the period from May 31, 1958 to, but not including, the Merger Date for the Company and (iii) the period on or after the Merger Date through the date of calculation for the Company, are correct and complete, that the Property Additions for which the Gross Expenditures hereinafter referred to have been made constitute Property Additions as defined in Section 4.01(A) of said Indenture and that the Company is now entitled to have authenticated and delivered said amount of First Mortgage Bonds, Series

(or here substitute appropriate language with respect to the withdrawal of cash or the taking of credit)

Computation of Net Expenditures for Property Additions

1. Gross Expenditures for Property Additions, the sum of:

(i) Exeter Pre-Merger Gross Expenditures for Property Additions, ...$82,291,896

(ii) Company Pre-Merger Gross Expenditures for Property Additions, and.....$66,738,186

(iii) Company Post-Merger Gross Expenditures for Property Additions calculated from the Merger Date to date.....$_____

Exhibit B
(to Twelfth Supplemental Indenture)

[Here insert statement respecting New Gross Expenditures
required by (i) of Section 4.01I.]

Total for (1) $_____

Less

2. Net Retirements, the sum of:

(i) Exeter Pre-Merger Net Retirements.....$15,046,604

(ii) Company Pre-Merger Net Retirements, and....$15,272,384

(iii) Net Retirements, beginning with the
Merger Date to date computed as follows:.....$_____

(a) Retirements, beginning
with the Merger Date to date.....$_____

[Here insert statement respecting
new Retirements required by
(ii) of Section 4.01I.]

(b) Less all moneys received
by or deposited with the
Trustee pursuant to: Section
8.10--$; Section
8.12--$; Section
10.03--$; and Section
10.04--$; all from the
Merger Date to date.....$_____

Company Post-Merger Net
Retirements..... $_____

Total for (2) $_____

Equals

3. Net Expenditures for Property Additions, the sum of:

(i) Exeter Pre-Merger Net Expenditures.....$67,245,292
[(1)(i) minus (2)(i)]

(ii) Company Pre-Merger Net Expenditures.....$51,465,802
[(1)(ii) minus (2)(ii)]

(iii) Company Post-Merger Net Expenditures.....$_____
[(1)(iii) minus 2(iii)]

Total for (3) $_____

Computation of Net Bondable Expenditures
for Property Additions

(As of date of filing of this Certificate)

4. Net Expenditures for Property Additions,.....$_____

Same as (3) above.

Less

5. Aggregate of Net Bondable Expenditures Heretofore Bonded, the sum of :

(i) Exeter Pre-Merger Bonded Expenditures.....$49,378,806
(from Line 3 of Annex B)

(ii) Company Pre-Merger Bonded Expenditures.....$46,592,604
(from Line 3 of Annex C)

(iii) Company Post-Merger Bonded Expenditures; namely, the amount certified pursuant to (5)(iii) of the last certificate filed after the Merger Date $_____ plus the amount certified pursuant to (11) of said last certificate filed $_____.....$_____

Total for (5) $_____

Equals

6. Net Bondable Expenditures at the date of this certificate, the sum of:

(i) Exeter Pre-Merger Bondable Expenditures.....$17,866,486
[(3)(i) minus (5)(i)]

(ii) Company Pre-Merger Bondable Expenditures... $4,873,198
[(3)(ii) minus (5)(ii)]

(iii) Company Post-Merger Bondable Expenditures.$_____
[(3)(iii) minus (5)(iii)]

Total for (6) $_____

Statement of Net Bondable Expenditures
Now to Be Bonded

7. 147.06% of total of: aggregate principal amount of Bonds now to be issued under Article IV $_____; and aggregate amount of cash now to be withdrawn under Article VI $_____..... $_____

8. Total of Net Bondable Expenditures now to be appropriated under Section 8.07 $_____ and Section 12.01 $_____ ..... $_____

9. 147.06% of credits now to be entered against sinking and improvement funds under Article IX..... $_____

10. Aggregate amount of cash for the withdrawal of which application is now made under (a) of Section 11.02..... $_____

11. Amount of Net Bondable Expenditures, if any, now to be Bonded..... $_____

Total of (7), (8), (9) and (10).

12. Amount of Net Bondable Expenditures, not now to be Bonded..... $_____

(6) minus (11).

(Note: The amount of (11) cannot exceed the amount of the Net Bondable Expenditures existing at the time of the filing of this certificate, namely, the amount certified pursuant to (6) above.)

Here insert statements required by Section 16.07 of the Indenture.

Dated _____

President
Unitil Energy Systems, Inc.

Treasurer
Unitil Energy Systems, Inc.

Subscribed and sworn to by _____, President, and _____, Treasurer, of Unitil Energy Systems, Inc., before me this _____ day of _____, 20___.

Notary Public

Calculation of Exeter
Pre-Merger Bonded Expenditures

The Exeter Pre-Merger Bonded Expenditures taken by Exeter for bonds issued, the withdrawal of cash or other credit taken under the Exeter Indenture using a ratio of 60% of Net Expenditures for Property Additions, is hereby calculated using a ratio of 68% rather than 60%:

(1)	Net Bondable Expenditures of Exeter certified as Bonded pursuant to (5) of the last Exeter certificate plus the amount thereof certified pursuant to (10) of said certificate for a total of Net Bondable Expenditures of Exeter bonded using a 60% ratio.....	$55,962,647
(2)	Amount of Bonds previously issued or cash withdrawn or other credit taken under the Exeter Indenture equals (1) above multiplied by 60%.....	$33,577,588
(3)	Amount of Net Bondable Expenditures of Exeter which would have been bonded if a 68% ratio had been used equals (2) divided by 68% so Exeter Pre-Merger Bonded Expenditures equals.....	$49,378,806

[insert in (5)(i) of the Certificate of Net Bondable Expenditures]

Annex B TO Exhibit B
(to Twelfth Supplemental Indenture)

Calculation of Company
Pre-Merger Bonded Expenditures

The Company Pre-Merger Expenditures taken by the Company for bonds issued, the withdrawal of cash or credit taken under the Indenture using a ratio of 60% of Net Expenditures for Property Additions, was recalculated pursuant to an amendment to Section 4.04 contained in the Tenth Supplemental Indenture dated as of January 15, 2001 using a ratio of 68% rather than 60%, which recalculation is set forth in paragraph (1) below. The only additional Net Bonded Expenditures of the Company bonded thereafter and prior to the Merger Date were calculated on the basis of a 68% ratio and are set forth in paragraph (2) below. As a result, paragraph (3) contains the Net Bondable Expenditures of the Company bonded prior to the Merger Date calculated as follows:

(1) Amount of Net Bondable Expenditures which would have been bonded prior to the Tenth Supplemental Indenture if the amount of bonds previously issued or cash withdrawn or other credit taken under the Indenture had been bonded on the basis of a 68% ratio rather than a 60% ratio (per Schedule 1 to Annex A to the Tenth Supplemental Indenture)..... $35,563,104

(2) Amount of Net Bondable Expenditures bonded after the Tenth Supplemental Indenture but prior to the Merger Date (which were calculated on the basis of a 68% ratio)..... $11,029,500

(3) Amount of Net Bondable Expenditures by the Company based upon a 68% ratio. ((1) plus (2) $46,592,604

[insert in (5)(ii) of the Certificate of Net Bondable Expenditures]

Exhibit C
(to Twelfth Supplemental Indenture)

Series I Bonds

The terms and provisions of the Series I, 8.49% Bonds of the Company which were set forth in the Eighth Supplemental Indenture, have been amended and restated in this Exhibit C, which shall from and after the Merger Date control the terms and conditions of such Series I, 8.49% Bonds, and the Eighth Supplemental Indenture shall have no further force or effect with respect to such terms and conditions.

All things have been done and performed which are necessary to make the Series I Bonds, when authenticated by the Trustee and issued as herein provided, legal, valid and binding obligations of the Company;

And It Is Hereby Covenanted, Declared and Agreed, as set forth in the following covenants, agreements, conditions and provisions, to wit:

Article One
Amendment and Restatement of Series I Bonds

Section 1.01. There is hereby amended and restated the series of bonds heretofore designated as "First Mortgage Bonds, Series I." Series I Bonds which shall be fully registered bonds and of the denomination of $1,000 and multiples thereof. The registered bonds of Series I issued after the Merger Date shall be dated as provided in Section 2.03 of the Indenture. All Series I Bonds shall mature on October 14, 2024 and shall bear interest at the rate of eight and forty-nine one hundredths percent (8.49%) per annum from their respective dates of issue, such interest to be payable semi-annually on the fourteenth day of April and the fourteenth day of October in each year commencing the fourteenth day of April, 2003, and shall bear interest on any overdue principal (including any overdue prepayment of principal) and premium, if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 9.49% per annum. The principal of, premium, if any, and interest on bonds of Series I shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association or at the corporate trust office designated by its successor as Trustee hereunder, in lawful money of the United States of America, provided that the Company may enter into a written agreement with any registered Institutional Holder of the bonds of Series I providing that payment of interest thereon and of the redemption price on any portion of the principal amount thereof (including premium, if any) which may be redeemed shall be made directly to such holder or to its nominee, as the case may be, at a duly designated place of payment within the United States, without surrender or presentation of such bonds of Series I to the Trustee, provided that (A) there shall have been filed with the Trustee a copy of such agreement and (B) pursuant to such agreement such holder shall agree that it will not sell, transfer or otherwise dispose of any such bond of Series I in respect of which any such payment or redemption shall have been made unless, prior to the delivery thereof by it, either (i) it shall have made a clear and accurate notation of the amount of principal so redeemed upon such bond to be transferred, or (ii) such bond of Series I shall have been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed, or (iii) such bond or bonds of Series I shall

have been surrendered in exchange for a new bond or bonds of Series I for the unredeemed balance of the principal amount thereof in accordance with the other terms of the Indenture. For purposes of this Section 1.01, the term "Institutional Holder" shall mean any insurance company, bank, savings and loan association, trust company, investment company, charitable foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution. The text of the Series I Bonds and the Trustee's certificate with respect thereto shall be respectively substantially of the tenor and purport set forth in Schedule A hereto. The Series I Bonds shall be numbered in such manner or by such method as shall be satisfactory to the Trustee.

The issue of bonds of Series I hereunder is hereby limited to the $6,000,000 in aggregate principal amount of Series I Bonds initially issued under the Eighth Supplemental Indenture and to Series I Bonds issued in exchange or substitution for outstanding Series I Bonds under the provisions of Sections 2.08, 2.10, 2.11 and 7.05 of the Indenture and of Section 1.07 hereof.

Section 1.02. As a required sinking fund for the benefit of the Series I Bonds, the Company covenants that it will, on or prior to October 13 in each year, beginning with October 13, 2015, and continuing to and including October 13, 2024, pay to the Trustee immediately available funds sufficient to redeem, at par, Series I Bonds then outstanding, in the principal amount of Six Hundred Thousand Dollars ($600,000) (or the remaining principal amount if less than $600,000 principal amount of Series I Bonds at the time remains outstanding). The payments required for the sinking fund as above provided are in this Section 1.02 and elsewhere in this Exhibit C referred to as "required sinking fund payments" and the day following the latest date on which each such payment is required to be made is herein and therein referred to as a "required sinking fund redemption date." Each required sinking fund payment shall be applied to the redemption of Series I Bonds on the applicable required sinking fund redemption date.

No redemption under Section 1.03, 1.04, 1.05 or 1.06 hereof shall affect or reduce the obligation of the Company to provide for required sinking fund redemptions under this Section 1.02 until all Series I Bonds shall have been paid in full.

Section 1.03. At the same time it makes any required sinking fund payment, the Company shall have the option (which shall be non-cumulative) to pay to the Trustee, in immediately available funds, an additional principal amount of Six Hundred Thousand Dollars ($600,000) (in this Section 1.03 and elsewhere in this Exhibit C to the Twelfth Supplemental Indenture referred to as an "optional sinking fund payment"), provided, that the cumulative amount of all optional sinking fund payments pursuant to this Section 1.03 shall not exceed One Million Two Hundred Thousand Dollars ($1,200,000) and each such optional sinking fund payment shall be applied to the redemption of Series I Bonds on the required sinking fund redemption date for such required sinking fund payment. The Company will give notice, by registered mail, postage prepaid, to the Trustee and to each registered owner of a bond of Series I of any required or optional payment to be made pursuant to Section 1.02, this Section 1.03, Section 1.04 or Section 1.05 hereof not more than 60, nor less than 30, days prior to the required sinking fund redemption date (or other designated date of redemption in the case of a redemption pursuant to Section 1.04 or Section 1.05).

Section 1.04. In addition to the required and optional sinking funds provided by Sections 1.02 and 1.03 hereof, all of the bonds of Series I, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, on any date on or after October 14, 1994 and before October 14, 2019, pursuant to the provisions of Article VII of the Indenture, and by payment of an amount equal to the Make Whole Amount, as defined below in this Section 1.04, determined five Business Days prior to such redemption. In addition to the foregoing, on any date on or after October 14, 2019, all of the bonds of Series I, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, by payment of the interest accrued on the principal amount of the bond or bonds optionally to be redeemed to the date fixed for such redemption plus an amount equal to the applicable percentage of the principal amount thereof as follows:

Date Fixed for Redemption	Applicable Percentage
If redeemed on or after October 14, 2019 and before October 14, 2020	101.5%
On or after October 14, 2020 and before October 14, 2021	101.0%
On or after October 14, 2021 and before October 14, 2022	100.5%
On or after October 14, 2022 and prior to maturity	100%

For purposes of this Section 1.04, the Make Whole Amount shall mean the greater of (i) the outstanding principal amount of the bonds to be redeemed, plus interest accrued thereon to the date fixed for such redemption, and (ii) the sum of (A) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account each redemption required by Section 1.02 above) and the amount of interest (exclusive of interest accrued to the date fixed for such redemption) that would have been payable in respect of each such dollar if such redemption had not been made, determined by discounting such amounts at the Reinvestment Rate (as hereinafter defined) from the respective dates on which they would have been payable to the date of such redemption, plus (B) interest accrued on the bonds to be redeemed to the date fixed for such redemption.

For purposes of any determination of the Make Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of 0.50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (Eastern time) on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.04, for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal of the bonds being redeemed (taking into account the application of each redemption required by Section 1.02) or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the

United States government Securities is available, Reinvestment Rate shall mean the sum of 0.50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.04, in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal amount of the bonds being redeemed (taking into account each redemption required by Section 1.02). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence, and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straightline basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of outstanding Series I bonds.

"Weighted Average Life to Maturity" of the principal amount of the bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have been payable on each scheduled redemption date under Section 1.02 hereof if the redemption pursuant to this Section 1.03 had not been made, less (2) the amount of principal on the bonds scheduled to become payable on each such redemption date under Section 1.02 after giving effect to the redemption pursuant to this Section 1.04, by (y) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and each such scheduled redemption date under Section 1.02, and (ii) totaling the products obtained in (i).

Section 1.05. Series I Bonds may be redeemed pursuant to Article XI of the Indenture (i) out of Trust Moneys, required by Section 8.12 of the Indenture to be deposited with the Trustee, on any date and shall be redeemed for an amount equal to the principal amount of the bonds to be redeemed, plus interest accrued to the date of redemption; or (ii) out of Trust Moneys required by Sections 8.10, 10.03, 10.04 or 10.04A of the Indenture to be deposited with the Trustee, on any date and, if redeemed prior to October 14, 2019, then they shall be redeemed for an amount equal to the Make Whole Amount, as defined above in Section 1.04, and if redeemed on any date on or after October 14, 2019, then they shall be redeemed for an amount equal to the interest accrued on the principal amount of the bond or bonds to be redeemed to the date fixed

for redemption, plus an amount equal to the applicable percentage of the principal amount thereof set forth in Section 1.04, above, for optional redemptions occurring on or after October 14, 2019.

Section 1.06. In the event that all or any part of the bonds of Series I shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such bonds of Series I shall be entitled to be paid an amount equal to the Make Whole Amount, if such redemption or discharge occurs prior to October 14, 2019, or, if such redemption or discharge occurs on or after October 14, 2019, then the registered owners of such bonds shall be entitled to be paid an amount equal to the interest accrued on the principal amount of the bonds to be redeemed to the date of redemption, plus an amount equal to the then applicable percentage of the principal amount thereof provided in Section 1.04, above, for optional redemptions after such date.

Section 1.07. Bonds of Series I, upon surrender thereof at the principal office of the Trustee, may be exchanged for the same aggregate principal amount of other bonds of this Series.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment to it of such charge, if any, as is required by the following paragraph.

For any exchange of bonds of Series I, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee.

Article Two
Redemption

Section 2.01. In the case of any required or optional sinking fund redemption pursuant to Sections 1.02 and 1.03 hereof, forthwith after the September 14 preceding each required sinking fund redemption date, and in the case of any proposed redemption pursuant to Sections 1.04 or 1.05, forthwith after the Trustee's receipt of proper notice from the Company of any such proposed redemption, the Trustee, shall act in accordance with the provisions of Article VII of the Indenture.

The Company covenants that it will pay to the Trustee

(i) on or before the day prior to each required sinking fund redemption date, the sum required by Section 1.02 hereof, plus the sum, if any, payable in accordance with any notice of optional redemption delivered prior to such required sinking fund redemption date pursuant to Section 1.03 hereof,

(ii) on or before the day prior to the date proposed by the Company in a notice (which notice shall conform to the requirements of Article VII of the Indenture) of any redemption pursuant to Section 1.04 or 1.05 hereof, the amount payable in accordance with such notice, and

(iii) at the time of each required sinking fund redemption or other redemption the Company shall pay to the Trustee the amount of the charges which shall be due the Trustee and the amount of the expenses which the Trustee advises the Company it has incurred or will incur in connection with such redemption.

(Form of Series I Bond)

Unitil Energy Systems, Inc.

No. IR-_____ $_____

First Mortgage Bond, Series I, 8.49%
due October 14, 2024

Unitil Energy Systems, Inc., a corporation organized under the laws of the State of New Hampshire (hereinafter called the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the fourteenth day of October, 2024, the principal sum of _____ Dollars ($_____) and to pay interest thereon from the date hereof at the rate of eight and forty-nine hundredths per centum (8.49%) per annum (computed on the basis of a thirty (30) day month and three hundred sixty (360) day year) payable semi-annually on the fourteenth day of April and the fourteenth day of October in each year, commencing the fourteenth day of April, 2003, until said principal sum is paid; and to pay interest on any overdue principal (including any overdue prepayment of principal) and premium if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 9.49% per annum. The principal of and premium, if any, and the interest on this bond shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association, or at the corporate trust office designated by its successor as trustee in the trust hereinafter referred to, or at the option of certain holders, in accordance with the provisions of Section 1.01 of Exhibit C of the Twelfth Supplemental Indenture hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a series known as First Mortgage Bonds, Series I, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (herein called the "Original Indenture") duly executed and delivered by the Company to Old Colony Trust Company (U.S. Bank National Association being successor Trustee and together with each predecessor trustee being called the "Trustee"), to which Original Indenture and to all Indentures supplemental thereto, including a Twelfth Supplemental Indenture (the "Twelfth Supplemental Indenture") dated as of December 2, 2002 (herein together called the "Indenture") reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustee and of the Company in respect of such security. Neither the foregoing reference to the Indenture, nor any provision of this bond or of the Indenture, shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay,

Schedule A
(to Exhibit C of the Twelfth Supplemental Indenture)

at the stated or accelerated maturities herein provided, the principal of and premium, if any, and interest on this bond as herein provided.

Bonds of this Series I are entitled to the benefit of a required sinking fund and an optional sinking fund provided for in Exhibit C to the Twelfth Supplemental Indenture and shall become subject to redemption for the purposes of such sinking funds at the principal amount thereof without premium, plus interest accrued thereon to the date of such redemption, all on the conditions and in the manner provided in Exhibit C to the Twelfth Supplemental Indenture.

Bonds of this Series I are also redeemable, in whole or in part, in integral multiples of one hundred thousand dollars, at the option of the Company on any date on at least 30 days' notice, in the manner, with the effect, subject to the limitations and for the amounts specified in Section 1.04 of Exhibit C to the Twelfth Supplemental Indenture.

On the conditions and in the manner provided in the Section 1.05 of Exhibit C to the Twelfth Supplemental Indenture, Series I Bonds may also become subject to redemption, in whole or in part, at any time on at least 30 days' notice, in the manner, with the effect and for the amounts specified in said Section 1.05, by the use of moneys deposited with or paid to the Trustee as the proceeds of the sale or condemnation of property of the Company or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property of the Company.

In the event that all or any part of the bonds of this Series I shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such Series I Bonds shall be entitled to be paid therefor an amount specified in Section 1.06 of Exhibit C to the Twelfth Supplemental Indenture.

The Indenture provides that, if notice of redemption of any bond issued pursuant to its terms, including the Series I Bonds, or any portion of the principal amount of any such bond selected for redemption has been duly given, then such bond or such portion thereof shall become due and payable on the date fixed for redemption, and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue from and after the date fixed for redemption, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given, or provision therefor made as provided in the Indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture.

In case an Event of Default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the corporate trust office of the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon

presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized denomination or in authorized denominations and of the same series, for the same aggregate principal amount. Bonds of this series upon surrender thereof at said office may be exchanged for the same aggregate principal amount of bonds, also of this series but of another authorized denomination or other authorized denominations, all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for all purposes.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof, and the terms and provisions of the Indenture may be modified by the assent or authority of the holders of at least seventy-five per centum (75%) in principal amount of the bonds then outstanding thereunder, provided, however, that no such modification shall (i) extend the time or times or payment of the principal of, or the interest or premium, if any, on any bond, (ii) reduce the principal amount thereof or the rate of interest or premium thereon, (iii) authorize the creation of any lien prior or equal to the lien of the Indenture upon any property subject to the lien thereof, or deprive any bondholder of the benefit of the lien of the Indenture, (iv) affect the rights under the Indenture of the holders of one or more, but less than all, of the series of bonds outstanding thereunder unless assented to by the holders of seventy-five per centum (75%) in aggregate principal amount of bonds outstanding thereunder of each of the series so affected, (v) reduce the percentage of bonds, the holders of which are required to assent to any such modification, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

In witness whereof, Unitil Energy Systems, Inc. has caused this bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Treasurer, and this bond to be dated the _____, _____.

Unitil Energy Systems, Inc.

By:

President

Attest:

Treasurer

(Corporate Seal)

(Form of Trustee's Certificate for all Bonds of Series I)

Trustee's Certificate of Authentication

This is one of the First Mortgage Bonds, Series I, referred to in the within mentioned Indenture.

U.S. Bank National Association

By:

Authorized Officer

(Form of Endorsement)

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within bond, and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said bond on the books of the Company, with full power of substitution in the premises.

Signature of Registered Owner

Dated:

In the presence
of:

Notice: The signature of this assignment must correspond with the name of the payee as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Series J Bonds

The terms and provisions of the Series J, 6.96% Bonds of the Company which were set forth in the Ninth Supplemental Indenture, have been amended and restated in this Exhibit D, which shall from and after the Merger Date control the terms and conditions of such Series J, 6.96% Bonds, and the Ninth Supplemental Indenture shall have no further force or effect with respect to such terms and conditions.

All things have been done and performed which are necessary to make the Series J Bonds, when authenticated by the Trustee and issued as herein provided, legal valid and binding obligations of the Company;

And it is Hereby Covenanted, Declared and Agreed, as set forth in the following-covenants, agreements, conditions and provisions, to wit:

Article One

Amendment and Restatement of Series J Bonds

Section 1.01. There is hereby amended and restated the series of bonds heretofore designated as and entitled "First Mortgage Bonds, Series J." Series J Bonds which shall be fully registered bonds, of the denomination of $1,000 and multiples thereof. The registered bonds of Series J issued after the Merger Date shall be dated as provided in Section 2.03 of the Indenture. All Series J Bonds shall mature on September 1, 2028 and shall bear interest at the rate of six and ninety-six one hundredths percent (6.96%) per annum from their respective dates of issue, such interest to be payable quarterly in arrears on the first day of March, June, September and December in each year commencing the first day of March, 2003, and shall bear interest on any overdue principal (including any overdue prepayment of principal) and premium, if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 8.96% per annum. The principal of, premium if any, and interest on bonds of Series J shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association or at the corporate trust office designated by its successor as Trustee hereunder, in lawful money of the United States of America provided that the Company may enter into a written agreement with any registered Institutional Holder of the bonds of Series J providing that payment of interest thereon and of the redemption price on any portion of the principal amount thereof (including premium, if any) which may be redeemed shall be made directly to such holder or to its nominee, as the case may be, at a duly designated place of payment within the United States, without surrender or presentation of such bonds of Series J to the Trustee, provided that (A) there shall have been filed with the Trustee a copy of such agreement, (B) pursuant to such agreement such holder shall agree that it will not sell, transfer or otherwise dispose of any such bond of Series J in respect of which any such payment or redemption shall have been made unless, prior to the delivery thereof by it, either (i) it shall have made a clear and accurate notation of the amount of

principal so redeemed upon such bond to be transferred, or (ii) such bond of Series J shall have been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed, or (iii) such bond or bonds of Series J shall have been surrendered in exchange for a new bond or bonds of Series J for the unredeemed balance of the principal amount thereof in accordance with the other terms of the Indenture and (C) in such agreement such holder shall agree that prior to receiving any final payment of the entire remaining unpaid principal amount of any Series J bond, the holder thereof shall be required to deliver such bond to the Trustee. For purposes of this Section 1.01, the term "Institutional Holder" shall mean any insurance company, bank, savings and loan association, trust company, investment company, charitable foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution. The text of the Series J Bonds and the Trustee's certificate with respect thereto shall be respectively substantially of the tenor and purport set forth in Schedule A hereto. The Series J Bonds shall be numbered in such manner or by such method as shall be satisfactory to the Trustee.

The issue of bonds of Series J hereunder is hereby limited to the $10,000,000 in aggregate principal amount of Series J Bonds initially issued under the Ninth Supplemental Indenture and to Series J Bonds issued in exchange or substitution for outstanding Series J Bonds under the provisions of Sections 2.08, 2.10, 2.11 and 7.05 of the Indenture and of Section 1.06 hereof.

Section 1.02. As a required sinking fund for the benefit of the Series J Bonds, the Company covenants that it will, on or prior to September 1 in each year, beginning with September 1, 2019, and continuing to and including September 1, 2028, pay to the Trustee immediately available funds sufficient to redeem, at par, Series J Bonds then outstanding, in the principal amount of One Million Dollars ($1,000,000) (or the remaining principal amount if less than $1,000,000 principal amount of Series J Bonds at the time remains outstanding). The payments required for the sinking fund as above provided are in this Section 1.02 and elsewhere in this Exhibit D referred to as "required sinking fund payments" and the day following the latest date on which each such payment is required to be made is herein and therein referred to as a "required sinking fund redemption date". Each required sinking fund payment shall be applied to the redemption of Series J bonds on the applicable required sinking fund redemption date.

No redemption under Section 1.03, 1.04 or 1.05 hereof shall affect or reduce the obligation of the Company to provide for required sinking fund redemptions under this Section 1.02 until all Series J Bonds shall have been paid in full.

Section 1.03. In addition to the required sinking fund provided by Section 1.02 hereof, all of the bonds of Series J, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, on any date on or after September 1, 1998 and before September 1, 2026, pursuant to the provisions of Article VII of the Indenture, and by payment of an amount equal to the Make Whole Amount, as defined below in this Section 1.03, determined five Business Days prior to such redemption. In addition to the foregoing, on any date on or after September 1, 2026, all of the bonds of Series J, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, by payment of the interest accrued on the

principal amount of the bond or bonds optionally to be redeemed to the dates fixed for such redemption plus 100% of the principal amount thereof.

For purposes of this Section 1.03, the Make Whole Amount shall mean the greater of (i) the outstanding principal amount of the bonds to be redeemed, plus interest accrued thereon to the date fixed for such redemption, and (ii) the sum of (A) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account each redemption required by Section 1.02 above) and the amount of interest (exclusive of interest accrued to the date fixed for such redemption) that would have been payable in respect of each such dollar if such redemption had not been made, determined by discounting such amounts at the Reinvestment Rate (as hereinafter defined) from the respective dates on which they would have been payable to the date of such redemption, plus (B) interest accrued on the bonds to be redeemed to the date fixed for such redemption.

For purposes of any determination of the Make Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of 0.50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (Eastern time) on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.03, for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal of the bonds being redeemed (taking into account the application of each redemption required by Section 1.02) or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States government Securities is available, Reinvestment Rate shall mean the sum of 0.50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.03, in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal amount of the bonds being redeemed (taking into account each redemption required by Section 1.02). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence, and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straightline basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not

published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of outstanding Series J Bonds.

"Weighted Average Life to Maturity" of the principal amount of the bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have been payable on each scheduled redemption date under Section 1.02 hereof if the redemption pursuant to this Section 1.03 had not been made, less (2) the amount of principal on the bonds scheduled to become payable on each such redemption date under Section 1.02 after giving effect to the redemption pursuant to this Section 1.03, by (y) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and each such scheduled redemption date under Section 1.02, and (ii) totaling the products obtained in (i).

Section 1.04. Series J Bonds may be redeemed pursuant to Article XI of the Indenture (i) out of Trust Moneys, required by Section 8.12 of the Indenture to be deposited with the Trustee, on any date and shall be redeemed for an amount equal to the principal amount of the bonds to be redeemed, plus interest accrued to the date of redemption; or (ii) out of Trust Moneys required by Sections 8.10, 10.03, 10.04 or 10.04A of the Indenture to be deposited with the Trustee, on any date and, if redeemed prior to September 1, 2026, then they shall be redeemed for an amount equal to the Make Whole Amount, as defined above in Section 1.03, and if redeemed on any date on or after September 1, 2026, then they shall be redeemed for an amount equal to the interest accrued on the principal amount of the bond or bonds to be redeemed to the date fixed for redemption, plus 100% of the principal amount thereof, for optional redemptions occurring on or after September 1, 2026.

Section 1.05. In the event that all or any part of the bonds of Series J shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such bonds of Series J shall be entitled to be paid an amount equal to the Make Whole Amount, if such redemption or discharge occurs prior to September 1, 2026, or, if such redemption or discharge occurs on or after September 1, 2026, then the registered owners of such bonds shall be entitled to be paid an amount equal to the interest accrued on the principal amount of the bonds to be redeemed to the date of redemption, plus 100% of the principal amount thereof.

Section 1.06. Bonds of Series J, upon surrender thereof at the principal office of the Trustee, may be exchanged for the same aggregate principal amount of other bonds of this Series.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment to it of such charge, if any, as is required by the following paragraph.

For any exchange of bonds of Series J, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee.

Article Two

Redemption

Section 2.01. In the case of any required sinking fund redemption pursuant to Section 1.02 hereof, forthwith after the August 1 preceding each required sinking fund redemption date, and in the case of any proposed redemption pursuant to Sections 1.03 or 1.04, forthwith after the Trustee's receipt of proper notice from the Company of any such proposed redemption, the Trustee, pursuant to the provisions of Article VII of the Indenture.

The Company covenants that it will pay to the Trustee

(i) on or before the day prior to each required sinking fund redemption date, the sum required by Section 1.02 hereof,

(ii) on or before the day prior to the date proposed by the Company in a notice (which notice shall conform to the requirements of Article VII of the Indenture) of any redemption pursuant to Section 1.03 or 1.04 hereof, the amount payable in accordance with such notice, and

(iii) at the time of each required sinking fund redemption or other redemption the Company shall pay to the Trustee the amount of the charges which shall be due the Trustee and the amount of the expenses which the Trustee advises the Company it has incurred or will incur in connection with such redemption.

(Form of Series J Bond)

Unitil Energy Systems, Inc.

First Mortgage Bond, Series J, 6.96%
due September 1, 2028

No. JR-_____ $_____

Unitil Energy Systems, Inc., a corporation organized under the laws of the State of New Hampshire (hereinafter called the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the first day of September, 2028, the principal sum of _____ Dollars ($_____) and to pay interest thereon from the date hereof at the rate of six and ninety-six hundredths per centum (6.96%) per annum (computed on the basis of a thirty (30) day month and three hundred sixty (360) day year) payable quarterly in arrears on the first day of March, June, September and December in each year, commencing the first day of March, 2003, until said principal sum is paid; and to pay interest on any overdue principal (including any overdue prepayment of principal) and premium if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 8.96% per annum. The principal of and premium if any, and the interest on this bond shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association, or at the corporate trust office designated by its successor as trustee in the trust hereinafter referred to, or at the option of certain holders, in accordance with the provisions of Section 1.01 of Exhibit D of the Twelfth Supplemental Indenture hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a Series J known as First Mortgage Bonds, Series J, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (herein called the "Original Indenture") duly executed and delivered by the Company to Old Colony Trust Company (U.S. Bank National Association being successor Trustee and together with each predecessor trustee being called the "Trustee"), to which Original Indenture and to all Indentures supplemental thereto, including a Twelfth Supplemental Indenture (the "Twelfth Supplemental Indenture") dated as of December 2, 2002 (herein together called the "Indenture") reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustee and of the Company in respect of such security. Neither the foregoing reference to the Indenture, nor any provision of this bond or of the Indenture, shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay, at the stated or accelerated maturities herein provided, the principal of and premium, if any, and interest on this bond as herein provided.

Schedule A
(to Exhibit D of the Twelfth Supplemental Indenture)

Bonds of this Series J are entitled to the benefit of a required sinking fund provided for in Exhibit D to the Twelfth Supplemental Indenture and shall become subject to redemption for the purposes of such sinking fund at the principal amount thereof without premium, plus interest accrued thereon to the date of such redemption, all on the conditions and in the manner provided in Exhibit D to the Twelfth Supplemental Indenture.

Bonds of this Series J are also redeemable, in whole or in part, in integral multiples of one hundred thousand dollars, at the option of the Company on any date on at least 30 days' notice, in the manner, with the effect, subject to the limitations and for the amounts specified in Section 1.03 of Exhibit D to the Twelfth Supplemental Indenture.

On the conditions and in the manner provided in the Section 1.04 of Exhibit D to the Twelfth Supplemental Indenture, Series J Bonds may also become subject to redemption, in whole or in part, at any time on at least 30 days' notice, in the manner, with the effect and for the amounts specified in said Section 1.04, by the use of moneys deposited with or paid to the Trustee as the proceeds of the sale or condemnation of property of the Company or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property of the Company.

In the event that all or any part of the bonds of this Series J shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such Series J Bonds shall be entitled to be paid therefor an amount specified in Section 1.05 of Exhibit D to the Twelfth Supplemental Indenture.

The Indenture provides that, if notice of redemption of any bond issued pursuant to its terms, including the Series J Bonds, or any portion of the principal amount of any such bond selected for redemption has been duly given, then such bond or such portion thereof shall become due and payable on the date fixed for redemption, and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue from and after the date fixed for redemption, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given, or provision therefor made as provided in the Indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture.

In case an Event of Default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the corporate trust office of the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized

denomination or in authorized denominations and of the same series, for the same aggregate principal amount. Bonds of this series upon surrender thereof at said office may be exchanged for the same aggregate principal amount of bonds, also of this series but of another authorized denomination or other authorized denominations, all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for all purposes.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof, and the terms and provisions of the Indenture may be modified by the assent or authority of the holders of at least seventy-five per centum (75%) in principal amount of the bonds then outstanding thereunder, provided, however, that no such modification shall (i) extend the time or times or payment of the principal of, or the interest or premium, if any, on any bond, (ii) reduce the principal amount thereof or the rate of interest or premium thereon, (iii) authorize the creation of any lien prior or equal to the lien of the Indenture upon any property subject to the lien thereof, or deprive any bondholder of the benefit of the lien of the Indenture, (iv) affect the rights under the Indenture of the holders of one or more, but less than all, of the series of bonds outstanding thereunder unless assented to by the holders of seventy-five per centum (75%) in aggregate principal amount of bonds outstanding thereunder of each of the series so affected, (v) reduce the percentage of bonds, the holders of which are required to assent to any such modification, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

In Witness Whereof, Unitil Energy Systems, Inc. has caused this bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Treasurer, and this bond to be dated the _____, _____.

Unitil Energy Systems, Inc.

By

President

Attest:

Treasurer

(Corporate Seal)

(Form of Trustee's Certificate for all Bonds of Series J)

Trustee's Certificate of Authentication

This is one of the First Mortgage Bonds, Series J, referred to in the within mentioned Indenture.

U.S. Bank National Association

By

Authorized Officer

(FORM OF ENDORSEMENT)

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within bond, and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said bond on the books of the Company, with full power of substitution in the premises.

Signature of Registered Owner

Dated:

In the presence
of:

Notice: The signature of this assignment must correspond with the name of the payee as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Series K Bonds

The terms and provisions of the Series K, 8.00% Bonds of the Company which were set forth in the Eleventh Supplemental Indenture, have been amended and restated in this Exhibit E, which shall from and after the Merger Date control the terms and conditions of such Series K, 8.00 % Bonds, and the Eleventh Supplemental Indenture shall have no further force or effect with respect to such terms and conditions.

All things have been done and performed which are necessary to make the Series K Bonds, when authenticated by the Trustee and issued as herein provided, legal valid and binding obligations of the Company;

And it is Hereby Covenanted, Declared and Agreed, as set forth in the following-covenants, agreements, conditions and provisions, to wit:

Article One

Amendment and Restatement of Series K Bonds

Section 1.01. There is hereby amended and restated the series of bonds heretofore designated as and entitled "First Mortgage Bonds, Series K." Series K Bonds shall be fully registered bonds, of the denomination of $1,000 and multiples thereof. The registered bonds of Series K issued after the Merger Date shall be dated as provided in Section 2.03 of the Indenture. All Series K Bonds shall mature on May 1, 2031 and shall bear interest at the rate of eight percent (8.00%) per annum from their respective dates of issue, such interest to be payable quarterly in arrears on the first day of February, May, August and November each year commencing the first day of February, 2003, and shall bear interest on any overdue principal (including any overdue prepayment of principal) and premium, if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 10.00% per annum. The principal of, premium if any, and interest on bonds of Series K shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association or at the corporate trust office designated by its successor as Trustee hereunder, in lawful money of the United States of America provided that the Company may enter into a written agreement with any registered Institutional Holder of the bonds of Series K providing that payment of interest thereon and of the redemption price on any portion of the principal amount thereof (including premium, if any) which may be redeemed shall be made directly to such holder or to its nominee, as the case may be, at a duly designated place of payment within the United States, without surrender or presentation of such bonds of Series K to the Trustee, provided that (A) there shall have been filed with the Trustee a copy of such agreement, (B) pursuant to such agreement such holder shall agree that it will not sell, transfer or otherwise dispose of any such bond of Series K in respect of which any such payment or redemption shall have been made unless, prior to the delivery thereof by it, either (i) it shall have made a clear and accurate notation of the amount of principal so redeemed upon such bond to be transferred, or (ii) such bond of Series K shall have

been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed, or (iii) such bond or bonds of Series K shall have been surrendered in exchange for a new bond or bonds of Series K for the unredeemed balance of the principal amount thereof in accordance with the other terms of the Indenture and (C) in such agreement such holder shall agree that prior to receiving any final payment of the entire remaining unpaid principal amount of any Series K bond, the holder thereof shall be required to deliver such bond to the Trustee. For purposes of this Section 1.01, the term "Institutional Holder" shall mean any insurance company, bank, savings and loan association, trust company, investment company, charitable foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution. The text of the Series K Bonds and the Trustee's certificate with respect thereto shall be respectively substantially of the tenor and purport set forth in Schedule A hereto. The Series K Bonds shall be numbered in such manner or by such method as shall be satisfactory to the Trustee.

The issue of bonds of Series K hereunder is hereby limited to the $7,500,000 in aggregate principal amount of Series K Bonds initially issued under the Eleventh Supplemental Indenture and to Series K Bonds issued in exchange or substitution for outstanding Series K Bonds under the provisions of Section 2.08, 2.10, 2.11 and 7.05 of the Indenture and of Section 1.06 hereof.

Section 1.02. As a required sinking fund for the benefit of the Series K Bonds, the Company covenants that it will, on or prior to May 1 in each year, beginning with May 1, 2022, and continuing to and including May 1, 2031, pay to the Trustee immediately available funds sufficient to redeem, at par, Series K Bonds then outstanding, in the principal amount of Seven Hundred Fifty Thousand Dollars ($750,000) (or the remaining principal amount if less than $750,000 principal amount of Series K Bonds at the time remains outstanding). The payments required for the sinking fund as above provided are in this Section 1.02 and elsewhere in this Exhibit E referred to as "required sinking fund payments" and the day following the latest date on which each such payment is required to be made is herein and therein referred to as a "required sinking fund redemption date". Each required sinking fund payment shall be applied to the redemption of Series K Bonds on the applicable required sinking fund redemption date.

No redemption under Section 1.03, 1.04 or 1.05 hereof shall affect or reduce the obligation of the Company to provide for required sinking fund redemptions under this Section 1.02 until all Series K Bonds shall have been paid in full.

Section 1.03. In addition to the required sinking fund provided by Section 1.02 hereof, all of the bonds of Series K, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, on any date on or after May 1, 2001 and before May 1, 2029, pursuant to the provisions of Article VII of the Indenture, and by payment of an amount equal to the Make Whole Amount, as defined below in this Section 1.03, determined five Business Days prior to such redemption. In addition to the foregoing, on any date on or after May 1, 2029, all of the bonds of Series K, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, by payment of the interest accrued on the principal amount of the

bond or bonds optionally to be redeemed to the dates fixed for such redemption plus 100% of the principal amount thereof.

For purposes of this Section 1.03, the Make Whole Amount shall mean the greater of (i) the outstanding principal amount of the bonds to be redeemed, plus interest accrued thereon to the date fixed for such redemption, and (ii) the sum of (A) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account each redemption required by Section 1.02 above) and the amount of interest (exclusive of interest accrued to the date fixed for such redemption) that would have been payable in respect of each such dollar if such redemption had not been made, determined by discounting such amounts at the Reinvestment Rate (as hereinafter defined) from the respective dates on which they would have been payable to the date of such redemption, plus (B) interest accrued on the bonds to be redeemed to the date fixed for such redemption.

For purposes of any determination of the Make Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of 0.50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (Eastern time) on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.03, for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal of the bonds being redeemed (taking into account the application of each redemption required by Section 1.02) or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States government Securities is available, Reinvestment Rate shall mean the sum of 0.50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.03, in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal amount of the bonds being redeemed (taking into account each redemption required by Section 1.02). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence, and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straightline basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not

published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of outstanding Series K Bonds.

"Weighted Average Life to Maturity" of the principal amount of the bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have been payable on each scheduled redemption date under Section 1.02 hereof if the redemption pursuant to this Section 1.03 had not been made, less (2) the amount of principal on the bonds scheduled to become payable on each such redemption date under Section 1.02 after giving effect to the redemption pursuant to this Section 1.03, by (y) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and each such scheduled redemption date under Section 1.02, and (ii) totaling the products obtained in (i).

Section 1.04. Series K Bonds may be redeemed pursuant to Article XI of the Indenture (i) out of Trust Moneys, required by Section 8.12 of the Indenture to be deposited with the Trustee, on any date and shall be redeemed for an amount equal to the principal amount of the bonds to be redeemed, plus interest accrued to the date of redemption; or (ii) out of Trust Moneys required by Sections 8.10, 10.03, 10.04 or 10.04A of the Indenture to be deposited with the Trustee, on any date and, if redeemed prior to May 1, 2029, then they shall be redeemed for an amount equal to the Make Whole Amount, as defined above in Section 1.03, and if redeemed on any date on or after May 1, 2029, then they shall be redeemed for an amount equal to the interest accrued on the principal amount of the bond or bonds to be redeemed to the date fixed for redemption, plus 100% of the principal amount thereof, for optional redemptions occurring on or after May 1, 2029.

Section 1.05. In the event that all or any part of the bonds of Series K shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such bonds of Series K shall be entitled to be paid an amount equal to the Make Whole Amount, if such redemption or discharge occurs prior to May 1, 2029, or, if such redemption or discharge occurs on or after May 1, 2029, then the registered owners of such bonds shall be entitled to be paid an amount equal to the interest accrued on the principal amount of the bonds to be redeemed to the date of redemption, plus 100% of the principal amount thereof.

Section 1.06. Bonds of Series K, upon surrender thereof at the principal office of the Trustee, may be exchanged for the same aggregate principal amount of other bonds of this Series.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment to it of such charge, if any, as is required by the following paragraph.

For any exchange of bonds of Series K, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee.

Article Two

Redemption

Section 2.01. In the case of any required sinking fund redemption pursuant to Section 1.02 hereof, forthwith after the April 1 preceding each required sinking fund redemption date, and in the case of any proposed redemption pursuant to Sections 1.03 or 1.04, forthwith after the Trustee's receipt of proper notice from the Company of any such proposed redemption, the Trustee, pursuant to the provisions of Article VII of the Indenture.

The Company covenants that it will pay to the Trustee

(i) on or before the day prior to each required sinking fund redemption date, the sum required by Section 1.02 hereof,

(ii) on or before the day prior to the date proposed by the Company in a notice (which notice shall conform to the requirements of Article VII of the Indenture) of any redemption pursuant to Section 1.03 or 1.04 hereof, the amount payable in accordance with such notice, and

(iii) at the time of each required sinking fund redemption or other redemption the Company shall pay to the Trustee the amount of the charges which shall be due the Trustee and the amount of the expenses which the Trustee advises the Company it has incurred or will incur in connection with such redemption.

(Form of Series K Bond)

Unitil Energy Systems, Inc.

First Mortgage Bond, Series K, 8.00%
due May 1, 2031

No. KR- $_____

Unitil Energy Systems, Inc., a corporation organized under the laws of the State of New Hampshire (hereinafter called the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the first day of May, 2031, the principal sum of _____ Dollars ($_____) and to pay interest thereon from the date hereof at the rate of eight per centum (8.00%) per annum (computed on the basis of a thirty (30) day month and three hundred sixty (360) day year) payable quarterly in arrears on the first day of February, May, August and November each year, commencing the first day of February, 2003, until said principal sum is paid; and to pay interest on any overdue principal (including any overdue prepayment of principal) and premium if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 10.00% per annum. The principal of and premium if any, and the interest on this bond shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association, or at the corporate trust office designated by its successor as trustee in the trust hereinafter referred to, or at the option of certain holders, in accordance with the provisions of Section 1.01 of Exhibit E of the Twelfth Supplemental Indenture hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a Series K known as First Mortgage Bonds, Series K, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (herein called the "Original Indenture") duly executed and delivered by the Company to Old Colony Trust Company (U.S. Bank National Association being successor Trustee and together with each predecessor trustee being called the "Trustee"), to which Original Indenture and to all Indentures supplemental thereto, including a Twelfth Supplemental Indenture (the "Twelfth Supplemental Indenture") dated as of December 2, 2002 (herein together called the "Indenture") reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustee and of the Company in respect of such security. Neither the foregoing reference to the Indenture, nor any provision of this bond or of the Indenture, shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay,

Schedule A
(to Exhibit E of the Twelfth Supplemental Indenture)

at the stated or accelerated maturities herein provided, the principal of and premium, if any, and interest on this bond as herein provided.

Bonds of this Series K are entitled to the benefit of a required sinking fund provided for in Exhibit E to the Twelfth Supplemental Indenture and shall become subject to redemption for the purposes of such sinking fund at the principal amount thereof without premium, plus interest accrued thereon to the date of such redemption, all on the conditions and in the manner provided in Exhibit E to the Twelfth Supplemental Indenture.

Bonds of this Series K are also redeemable, in whole or in part, in integral multiples of one hundred thousand dollars, at the option of the Company on any date on at least 30 days' notice, in the manner, with the effect, subject to the limitations and for the amounts specified in Section 1.03 of Exhibit E to the Twelfth Supplemental Indenture.

On the conditions and in the manner provided in the Section 1.04 of Exhibit E to the Twelfth Supplemental Indenture, Series K bonds may also become subject to redemption, in whole or in part, at any time on at least 30 days' notice, in the manner, with the effect and for the amounts specified in said Section 1.04, by the use of moneys deposited with or paid to the Trustee as the proceeds of the sale or condemnation of property of the Company or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property of the Company.

In the event that all or any part of the bonds of this Series K shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such Series K bonds shall be entitled to be paid therefor an amount specified in Section 1.05 of Exhibit E to the Twelfth Supplemental Indenture.

The Indenture provides that, if notice of redemption of any bond issued pursuant to its terms, including the Series K bonds, or any portion of the principal amount of any such bond selected for redemption has been duly given, then such bond or such portion thereof shall become due and payable on the date fixed for redemption, and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue from and after the date fixed for redemption, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given, or provision therefor made as provided in the Indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture.

In case an Event of Default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the corporate trust office of the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon

presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized denomination or in authorized denominations and of the same series, for the same aggregate principal amount. Bonds of this series upon surrender thereof at said office may be exchanged for the same aggregate principal amount of bonds, also of this series but of another authorized denomination or other authorized denominations, all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for all purposes.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof, and the terms and provisions of the Indenture may be modified by the assent or authority of the holders of at least seventy-five per centum (75%) in principal amount of the bonds then outstanding thereunder, provided, however, that no such modification shall (i) extend the time or times or payment of the principal of, or the interest or premium, if any, on any bond, (ii) reduce the principal amount thereof or the rate of interest or premium thereon, (iii) authorize the creation of any lien prior or equal to the lien of the Indenture upon any property subject to the lien thereof, or deprive any bondholder of the benefit of the lien of the Indenture, (iv) affect the rights under the Indenture of the holders of one or more, but less than all, of the series of bonds outstanding thereunder unless assented to by the holders of seventy-five per centum (75%) in aggregate principal amount of bonds outstanding thereunder of each of the series so affected, (v) reduce the percentage of bonds, the holders of which are required to assent to any such modification, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

In Witness Whereof, Unitil Energy Systems, Inc. has caused this bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Treasurer, and this bond to be dated the ____ day of _____, _____.

Unitil Energy Systems, Inc.

By

President

Attest:

Treasurer

(Corporate Seal)

(Form of Trustee's Certificate for all Bonds of Series K)

Trustee's Certificate of Authentication

This is one of the First Mortgage Bonds, Series K, referred to in the within mentioned Indenture.

U.S. Bank National Association

By:

Authorized Officer

(Form of Endorsement)

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within bond, and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said bond on the books of the Company, with full power of substitution in the premises.

Signature of Registered Owner

Dated:

In the presence
of:

Notice: The signature of this assignment must correspond with the name of the payee as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Series L Bonds

As a result of the Merger of Exeter into the Company on the Merger Date, as more fully described in the Twelfth Supplemental Indenture, $9,000,000 aggregate principal amount of the Exeter Series K, 8.49% Bonds due October 14, 2024 (the "Exeter Series K Bonds") issued under the Exeter Indenture are being exchanged as of the Merger Date by the holder thereof for Bonds issued under the Indenture containing substantially the same terms and provisions as the Exeter Series K Bonds which are the Company's Series L, 8.49% Bonds due October 14, 2024 (the "Series L Bonds"). Accordingly, the provisions for the issuance of $9,000,000 aggregate principal amount of the Company's Series L Bonds and the terms and provisions thereof are hereinafter set forth.

All things have been done and performed which are necessary to make the Series L Bonds, when authenticated by the Trustee and issued as herein provided, legal, valid and binding obligations of the Company;

And It Is Hereby Covenanted, Declared and Agreed, as set forth in the following covenants, agreements, conditions and provisions, to wit:

Article One
Creation of Series L Bonds

Section 1.01. There shall be and is hereby created an additional series of bonds designated as and entitled "First Mortgage Bonds, Series L." Series L Bonds shall be fully registered bonds, of the denomination of $1,000 and multiples thereof. The registered bonds of Series L originally issued shall be dated as provided in Article III of the Indenture and any bonds of Series L subsequently issued shall be dated as provided in Section 2.03 of the Indenture. All Series L Bonds shall mature on October 14, 2024 and shall bear interest at the rate of eight and forty-nine one hundredths percent (8.49%) per annum from their respective dates of issue, such interest to be payable semi-annually on the fourteenth day of April and the fourteenth day of October in each year commencing the fourteenth day of April, 2003, and shall bear interest on any overdue principal (including any overdue prepayment of principal) and premium, if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 9.49% per annum. The principal of, premium, if any, and interest on bonds of Series L shall be payable at the corporate trust office of in Boston, Massachusetts of U.S. Bank National Association or at the corporate trust office designated by its successor as Trustee hereunder, in lawful money of the United States of America, provided that the Company may enter into a written agreement with any registered Institutional Holder of the bonds of Series L providing that payment of interest thereon and of the redemption price on any portion of the principal amount thereof (including premium, if any) which may be redeemed shall be made directly to such holder or to its nominee, as the case may be, at a duly designated place of payment within the United States, without surrender or presentation of such bonds of Series L to the Trustee, provided that (A) there shall have been filed with the Trustee a copy of such agreement and (B) pursuant to such agreement such holder shall agree that it will not sell, transfer or otherwise dispose of any such bond of

Series L in respect of which any such payment or redemption shall have been made unless, prior to the delivery thereof by it, either (i) it shall have made a clear and accurate notation of the amount of principal so redeemed upon such bond to be transferred, or (ii) such bond of Series L shall have been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed, or (iii) such bond or bonds of Series L shall have been surrendered in exchange for a new bond or bonds of Series L for the unredeemed balance of the principal amount thereof in accordance with the other terms of the Indenture and (C) in such agreement such holder shall agree that prior to receiving any final payment of the entire remaining unpaid principal amount of any Series L bond, the holder thereof shall be required to deliver such bond to the Trustee. For purposes of this Section 1.01, the term "Institutional Holder" shall mean any insurance company, bank, savings and loan association, trust company, investment company, charitable foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution. The text of the Series L Bonds and the Trustee's certificate with respect thereto shall be respectively substantially of the tenor and purport set forth in Schedule A hereto. The Series L Bonds shall be numbered in such manner or by such method as shall be satisfactory to the Trustee.

The issue of bonds of Series L hereunder is hereby limited to the $9,000,000 in aggregate principal amount of Series L Bonds initially issued as provided in Section 1.08 hereof and to Series L Bonds issued in exchange or substitution for outstanding Series L Bonds under the provisions of Sections 2.08, 2.10, 2.11 and 7.05 of the Indenture and of Section 1.07 hereof.

Section 1.02. As a required sinking fund for the benefit of the Series L Bonds, the Company covenants that it will, on or prior to October 13 in each year, beginning with October 13, 2015, and continuing to and including October 13, 2024, pay to the Trustee immediately available funds sufficient to redeem, at par, Series L Bonds then outstanding, in the principal amount of Nine Hundred Thousand Dollars ($900,000) (or the remaining principal amount if less than $900,000 principal amount of Series L Bonds at the time remains outstanding). The payments required for the sinking fund as above provided are in this Section 1.02 and elsewhere in this Exhibit F referred to as "required sinking fund payments" and the day following the latest date on which each such payment is required to be made is herein and therein referred to as a "required sinking fund redemption date." Each required sinking fund payment shall be applied to the redemption of Series L Bonds on the applicable required sinking fund redemption date.

No redemption under Section 1.03, 1.04, 1.05 or 1.06 hereof shall affect or reduce the obligation of the Company to provide for required sinking fund redemptions under this Section 1.02 until all Series L Bonds shall have been paid in full.

Section 1.03. At the same time it makes any required sinking fund payment, the Company shall have the option (which shall be non-cumulative) to pay to the Trustee, in immediately available funds, an additional principal amount of Nine Hundred Thousand Dollars ($900,000) (in this Section 1.03 and elsewhere in this Exhibit F to the Twelfth Supplemental Indenture referred to as an "optional sinking fund payment"), provided, that the cumulative amount of all optional sinking fund payments pursuant to this Section 1.03 shall not exceed One Million Eight Hundred Thousand Dollars ($1,800,000) and each such optional sinking fund payment shall be

applied to the redemption of Series L Bonds on the required sinking fund redemption date for such required sinking fund payment. The Company will give notice, by registered mail, postage prepaid, to the Trustee and to each registered owner of a bond of Series L of any required or optional payment to be made pursuant to Section 1.02, this Section 1.03, Section 1.04 or Section 1.05 hereof not more than 60, nor less than 30, days prior to the required sinking fund redemption date (or other designated date of redemption in the case of a redemption pursuant to Section 1.04 or Section 1.05).

Section 1.04. In addition to the required and optional sinking funds provided by Sections 1.02 and 1.03 hereof, all of the bonds of Series L, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, on any date on or after October 14, 1994 and before October 14, 2019, pursuant to the provisions of Article VII of the Indenture, and by payment of an amount equal to the Make Whole Amount, as defined below in this Section 1.04, determined five Business Days prior to such redemption. In addition to the foregoing, on any date on or after October 14, 2019, all of the bonds of Series L, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, by payment of the interest accrued on the principal amount of the bond or bonds optionally to be redeemed to the date fixed for such redemption plus an amount equal to the applicable percentage of the principal amount thereof as follows:

Date Fixed for Redemption	Applicable Percentage
If redeemed on or after October 14, 2019 and before October 14, 2020	101.5%
On or after October 14, 2020 and before October 14, 2021	101.0%
On or after October 14, 2021 and before October 14, 2022	100.5%
On or after October 14, 2022 and prior to maturity	100%

For purposes of this Section 1.04, the Make Whole Amount shall mean the greater of (i) the outstanding principal amount of the bonds to be redeemed, plus interest accrued thereon to the date fixed for such redemption, and (ii) the sum of (A) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account each redemption required by Section 1.02 above) and the amount of interest (exclusive of interest accrued to the date fixed for such redemption) that would have been payable in respect of each such dollar if such redemption had not been made, determined by discounting such amounts at the Reinvestment Rate (as hereinafter defined) from the respective dates on which they would have been payable to the date of such redemption, plus (B) interest accrued on the bonds to be redeemed to the date fixed for such redemption.

For purposes of any determination of the Make Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of 0.50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available,

any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (Eastern time) on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.04 for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal of the bonds being redeemed (taking into account the application of each redemption required by Section 1.02) or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States government Securities is available, Reinvestment Rate shall mean the sum of 0.50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published on the fifth Business Day preceding the date the Make Whole Amount becomes due and payable pursuant to the foregoing provisions of this Section 1.04 in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal amount of the bonds being redeemed (taking into account each redemption required by Section 1.02). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence, and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straightline basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of outstanding Series L bonds.

"Weighted Average Life to Maturity" of the principal amount of the bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have been payable on each scheduled redemption date under Section 1.02 hereof if the redemption pursuant to this Section 1.04 had not been made, less (2) the amount of principal on the bonds scheduled to become payable on each such redemption date under Section 1.02 after giving effect to the redemption pursuant to this Section 1.04, by (y) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and each such scheduled redemption date under Section 1.02, and (ii) totaling the products obtained in (i).

Section 1.05. Series L Bonds may be redeemed pursuant to Article XI of the Indenture (i) out of Trust Moneys, required by Section 8.12 of the Indenture to be deposited with the Trustee, on any date and shall be redeemed for an amount equal to the principal amount of the bonds to be redeemed, plus interest accrued to the date of redemption; or (ii) out of Trust Moneys required by Sections 8.10, 10.03, 10.04 or 10.04A of the Indenture to be deposited with the Trustee, on any date and, if redeemed prior to October 14, 2019, then they shall be redeemed for an amount equal to the Make Whole Amount, as defined above in Section 1.04, and if redeemed on any date on or after October 14, 2019, then they shall be redeemed for an amount equal to the interest accrued on the principal amount of the bond or bonds to be redeemed to the date fixed for redemption, plus an amount equal to the applicable percentage of the principal amount thereof set forth in Section 1.04, above, for optional redemptions occurring on or after October 14, 2019.

Section 1.06. In the event that all or any part of the bonds of Series L shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such bonds of Series L shall be entitled to be paid an amount equal to the Make Whole Amount, if such redemption or discharge occurs prior to October 14, 2019, or, if such redemption or discharge occurs on or after October 14, 2019, then the registered owners of such bonds shall be entitled to be paid an amount equal to the interest accrued on the principal amount of the bonds to be redeemed to the date of redemption, plus an amount equal to the then applicable percentage of the principal amount thereof provided in Section 1.04, above, for optional redemptions after such date.

Section 1.07. Bonds of Series L, upon surrender thereof at the principal office of the Trustee, may be exchanged for the same aggregate principal amount of other bonds of this Series.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment to it of such charge, if any, as is required by the following paragraph.

For any exchange of bonds of Series L, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee.

Section 1.08. Upon execution of this Twelfth Supplemental Indenture and subject to the provisions of Article III of the Indenture and upon compliance with the applicable provisions of Article IV of the Indenture, the Company shall execute and deliver to the Trustee, and the Trustee shall authenticate and deliver to or upon the order of the Company, bonds of the Series L in the form set forth in Schedule A hereto in the aggregate principal amount of Nine Million Dollars ($9,000,000).

Article Two
Redemption

Section 2.01. In the case of any required or optional sinking fund redemption pursuant to Sections 1.02 and 1.03 hereof, forthwith after the September 14 preceding each required sinking fund redemption date, and in the case of any proposed redemption pursuant to Sections 1.04 or 1.05, forthwith after the Trustee's receipt of proper notice from the Company of any such proposed redemption, the Trustee, shall act in accordance with the provisions of Article VII of the Indenture.

The Company covenants that it will pay to the Trustee

(i) on or before the day prior to each required sinking fund redemption date, the sum required by Section 1.02 hereof, plus the sum, if any, payable in accordance with any notice of optional redemption delivered prior to such required sinking fund redemption date pursuant to Section 1.03 hereof,

(ii) on or before the day prior to the date proposed by the Company in a notice (which notice shall conform to the requirements of Article VII of the Indenture) of any redemption pursuant to Section 1.04 or 1.05 hereof, the amount payable in accordance with such notice, and

(iii) at the time of each required sinking fund redemption or other redemption the Company shall pay to the Trustee the amount of charges which shall be due the Trustee and the amount of the expenses which the Trustee advised the Company it has incurred or will incur in connection with such redemption.

(Form of Series L Bond)

Unitil Energy Systems, Inc.

No. LR-_____ $_____

First Mortgage Bond, Series L, 8.49%
due October 14, 2024

Unitil Energy Systems, Inc., a corporation organized under the laws of the State of New Hampshire (hereinafter called the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the fourteenth day of October, 2024, the principal sum of _____ Dollars ($_____) and to pay interest thereon from the date hereof at the rate of eight and forty-nine hundredths per centum (8.49%) per annum (computed on the basis of a thirty (30) day month and three hundred sixty (360) day year) payable semi-annually on the fourteenth day of April and the fourteenth day of October in each year, commencing the fourteenth day of April, 2003, until said principal sum is paid; and to pay interest on any overdue principal (including any overdue prepayment of principal) and premium if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 9.49% per annum. The principal of and premium, if any, and the interest on this bond shall be payable at the corporate trust office in Boston, Massachusetts or U.S. Bank National Association, or at the corporate trust office designated by its successor as trustee in the trust hereinafter referred to, or at the option of certain holders, in accordance with the provisions of Section 1.01 of Exhibit F of the Twelfth Supplemental Indenture hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a series known as First Mortgage Bonds, Series L, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (herein called the "Original Indenture") duly executed and delivered by the Company to Old Colony Trust Company (U.S. Bank National Association being successor Trustee and together with each predecessor trustee being called the "Trustee"), to which Original Indenture and to all Indentures supplemental thereto, including a Twelfth Supplemental Indenture (the "Twelfth Supplemental Indenture") dated as of December 2, 2002 (herein together called the "Indenture") reference is hereby made for a description of the property transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustee and of the Company in respect of such security. Neither the foregoing reference to the Indenture, nor any provision of this bond or of the Indenture, shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay,

Schedule A
(to Exhibit F of the Twelfth Supplemental Indenture)

at the stated or accelerated maturities herein provided, the principal of and premium, if any, and interest on this bond as herein provided.

Bonds of this Series L are entitled to the benefit of a required sinking fund and an optional sinking fund provided for in Exhibit F to the Twelfth Supplemental Indenture and shall become subject to redemption for the purposes of such sinking funds at the principal amount thereof without premium, plus interest accrued thereon to the date of such redemption, all on the conditions and in the manner provided in Exhibit F to the Twelfth Supplemental Indenture.

Bonds of this Series L are also redeemable, in whole or in part, in integral multiples of one hundred thousand dollars, at the option of the Company on any date on at least 30 days' notice, in the manner, with the effect, subject to the limitations and for the amounts specified in Section 1.04 of Exhibit F to the Twelfth Supplemental Indenture.

On the conditions and in the manner provided in the Section 1.05 of Exhibit F to the Twelfth Supplemental Indenture, Series L Bonds may also become subject to redemption, in whole or in part, at any time on at least 30 days' notice, in the manner, with the effect and for the amounts specified in said Section 1.05, by the use of moneys deposited with or paid to the Trustee as the proceeds of the sale or condemnation of property of the Company or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property of the Company.

In the event that all or any part of the bonds of this Series L shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such Series L Bonds shall be entitled to be paid therefor an amount specified in Section 1.06 of Exhibit F to the Twelfth Supplemental Indenture.

The Indenture provides that, if notice of redemption of any bond issued pursuant to its terms, including the Series L Bonds, or any portion of the principal amount of any such bond selected for redemption has been duly given, then such bond or such portion thereof shall become due and payable on the date fixed for redemption, and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue from and after the date fixed for redemption, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given, or provision therefor made as provided in the Indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture.

In case an Event of Default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the corporate trust office of the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon

presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized denomination or in authorized denominations and of the same series, for the same aggregate principal amount. Bonds of this series upon surrender thereof at said office may be exchanged for the same aggregate principal amount of bonds, also of this series but of another authorized denomination or other authorized denominations, all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for all purposes.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof, and the terms and provisions of the Indenture may be modified by the assent or authority of the holders of at least seventy-five per centum (75%) in principal amount of the bonds then outstanding thereunder, provided, however, that no such modification shall (i) extend the time or times or payment of the principal of, or the interest or premium, if any, on any bond, (ii) reduce the principal amount thereof or the rate of interest or premium thereon, (iii) authorize the creation of any lien prior or equal to the lien of the Indenture upon any property subject to the lien thereof, or deprive any bondholder of the benefit of the lien of the Indenture, (iv) affect the rights under the Indenture of the holders of one or more, but less than all, of the series of bonds outstanding thereunder unless assented to by the holders of seventy-five per centum (75%) in aggregate principal amount of bonds outstanding thereunder of each of the series so affected, (v) reduce the percentage of bonds, the holders of which are required to assent to any such modification, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

In witness whereof, Unitil Energy Systems, Inc. has caused this bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Treasurer, and this bond to be dated the _____, _____.

Unitil Energy Systems, Inc.

By:

President

Attest:

Treasurer

(Corporate Seal)

(Form of Trustee's Certificate for all Bonds of Series L)

Trustee's Certificate of Authentication

This is one of the First Mortgage Bonds, Series L, referred to in the within mentioned Indenture.

U.S. Bank National Association

By:

Authorized Officer

(Form of Endorsement)

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within bond, and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said bond on the books of the Company, with full power of substitution in the premises.

Signature of Registered Owner

Dated:

In the presence
of:

Notice: The signature of this assignment must correspond with the name of the payee as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Series M Bonds

As a result of the Merger of Exeter into the Company on the Merger Date, as more fully described in the Twelfth Supplemental Indenture, $10,000,000 aggregate principal amount of the Exeter Series L, 6.96% Bonds due September 1, 2028 ("Exeter Series L Bonds") issued under the Exeter Indenture are exchanged as of Merger Date by the holders thereof for Bonds issued under the Indenture containing substantially the same terms and provisions as the Exeter Series L Bonds which are the Company's Series M 6.96% Bonds due September 1, 2028 (the "Series M Bonds"). Accordingly, the provisions for the issuance of $10,000,000 aggregate principal amount of the Company's Series M Bonds and the terms and provisions thereof are hereinafter set forth.

All things have been done and performed which are necessary to make the Series M Bonds, when authenticated by the Trustee and issued as herein provided, legal valid and binding obligations of the Company;

And it is Hereby Covenanted, Declared and Agreed, as set forth in the following-covenants, agreements, conditions and provisions, to wit:

Article One

Creation of Series M Bonds

Section 1.01. There shall be and is hereby created an additional series of bonds designated as and entitled "First Mortgage Bonds, Series M." Series M Bonds shall be fully registered bonds, of the denomination of $1,000 and multiples thereof. The registered bonds of Series M originally issued shall be dated as provided in Article III of the Indenture and any bonds of Series M subsequently issued shall be dated as provided in Section 2.03 of the Indenture. All Series M Bonds shall mature on September 1, 2028 and shall bear interest at the rate of six and ninety-six one hundredths percent (6.96%) per annum from their respective dates of issue, such interest to be payable quarterly in arrears on the first day of March, June, September and December in each year commencing the first day of March, 2003, and shall bear interest on any overdue principal (including any overdue prepayment of principal) and premium, if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 8.96% per annum. The principal of, premium if any, and interest on bonds of Series M shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association or at the corporate trust office designated by its successor as Trustee hereunder, in lawful money of the United States of America provided that the Company may enter into a written agreement with any registered Institutional Holder of the bonds of Series M providing that payment of interest thereon and of the redemption price on any portion of the principal amount thereof (including premium, if any) which may be redeemed shall be made directly to such holder or to its nominee, as the case may be, at a duly designated place of payment within the United States, without

surrender or presentation of such bonds of Series M to the Trustee, provided that (A) there shall have been filed with the Trustee a copy of such agreement, (B) pursuant to such agreement such holder shall agree that it will not sell, transfer or otherwise dispose of any such bond of Series M in respect of which any such payment or redemption shall have been made unless, prior to the delivery thereof by it, either (i) it shall have made a clear and accurate notation of the amount of principal so redeemed upon such bond to be transferred, or (ii) such bond of Series M shall have been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed, or (iii) such bond or bonds of Series M shall have been surrendered in exchange for a new bond or bonds of Series M for the unredeemed balance of the principal amount thereof in accordance with the other terms of the Indenture and (C) in such agreement such holder shall agree that prior to receiving any final payment of the entire remaining unpaid principal amount of any Series M bond, the holder thereof shall be required to deliver such bond to the Trustee. For purposes of this Section 1.01, the term "Institutional Holder" shall mean any insurance company, bank, savings and loan association, trust company, investment company, charitable foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution. The text of the Series M Bonds and the Trustee's certificate with respect thereto shall be respectively substantially of the tenor and purport set forth in Schedule A hereto. The Series M Bonds shall be numbered in such manner or by such method as shall be satisfactory to the Trustee.

The issue of bonds of Series M hereunder is hereby limited to the $10,000,000 in aggregate principal amount of Series M Bonds initially issued as provided in Section 1.07 hereof and to Series M Bonds issued in exchange or substitution for outstanding Series M Bonds under the provisions of Sections 2.08, 2.10, 2.11 and 7.05 of the Indenture and of Section 1.06 hereof.

Section 1.02. As a required sinking fund for the benefit of the Series M Bonds, the Company covenants that it will, on or prior to September 1 in each year, beginning with September 1, 2019, and continuing to and including September 1, 2028, pay to the Trustee immediately available funds sufficient to redeem, at par, Series M Bonds then outstanding, in the principal amount of One Million Dollars ($1,000,000) (or the remaining principal amount if less than $1,000,000 principal amount of Series M Bonds at the time remains outstanding). The payments required for the sinking fund as above provided are in this Section 1.02 and elsewhere in this Exhibit G referred to as "required sinking fund payments" and the day following the latest date on which each such payment is required to be made is herein and therein referred to as a "required sinking fund redemption date". Each required sinking fund payment shall be applied to the redemption of Series M bonds on the applicable required sinking fund redemption date.

No redemption under Section 1.03, 1.04 or 1.05 hereof shall affect or reduce the obligation of the Company to provide for required sinking fund redemptions under this Section 1.02 until all Series M Bonds shall have been paid in full.

Section 1.03. In addition to the required sinking fund provided by Section 1.02 hereof, all of the bonds of Series M, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, on any date on or after September 1, 1998 and before September 1, 2026, pursuant to the provisions of Article VII of the Indenture, and by payment of an amount

equal to the Make Whole Amount, as defined below in this Section 1.03, determined five Business Days prior to such redemption. In addition to the foregoing, on any date on or after September 1, 2026, all of the bonds of Series M, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, by payment of the interest accrued on the principal amount of the bond or bonds optionally to be redeemed to the dates fixed for such redemption plus 100% of the principal amount thereof.

For purposes of this Section 1.03, the Make Whole Amount shall mean the greater of (i) the outstanding principal amount of the bonds to be redeemed, plus interest accrued thereon to the date fixed for such redemption, and (ii) the sum of (A) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account each redemption required by Section 1.02 above) and the amount of interest (exclusive of interest accrued to the date fixed for such redemption) that would have been payable in respect of each such dollar if such redemption had not been made, determined by discounting such amounts at the Reinvestment Rate (as hereinafter defined) from the respective dates on which they would have been payable to the date of such redemption, plus (B) interest accrued on the bonds to be redeemed to the date fixed for such redemption.

For purposes of any determination of the Make Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of 0.50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (Eastern time) on the fifth Business Day preceding the date the Make Whole Amount become due and payable pursuant to the foregoing provisions of this Section 1.03 for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal of the bonds being redeemed (taking into account the application of each redemption required by Section 1.02) or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States government Securities is available, Reinvestment Rate shall mean the sum of 0.50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published on the fifth Business Day preceding the date the Make Whole Amount become due and payable pursuant to the foregoing provisions of this Section 1.03 in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal amount of the bonds being redeemed (taking into account each redemption required by Section 1.02). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence, and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straightline basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of outstanding Series M Bonds.

"Weighted Average Life to Maturity" of the principal amount of the bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have been payable on each scheduled redemption date under Section 1.02 hereof if the redemption pursuant to this Section 1.03 had not been made, less (2) the amount of principal on the bonds scheduled to become payable on each such redemption date under Section 1.02 after giving effect to the redemption pursuant to this Section 1.03, by (y) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and each such scheduled redemption date under Section 1.02, and (ii) totaling the products obtained in (i).

Section 1.04. Series M Bonds may be redeemed pursuant to Article XI of the Indenture (i) out of Trust Moneys, required by Section 8.12 of the Indenture to be deposited with the Trustee, on any date and shall be redeemed for an amount equal to the principal amount of the bonds to be redeemed, plus interest accrued to the date of redemption; or (ii) out of Trust Moneys required by Sections 8.10, 10.03, 10.04 or 10.04A of the Indenture to be deposited with the Trustee, on any date and, if redeemed prior to September 1, 2026, then they shall be redeemed for an amount equal to the Make Whole Amount, as defined above in Section 1.03, and if redeemed on any date on or after September 1, 2026, then they shall be redeemed for an amount equal to the interest accrued on the principal amount of the bond or bonds to be redeemed to the date fixed for redemption, plus 100% of the principal amount thereof, for optional redemptions occurring on or after September 1, 2026.

Section 1.05. In the event that all or any part of the bonds of Series M shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such bonds of Series M shall be entitled to be paid an amount equal to the Make Whole Amount, if such redemption or discharge occurs prior to September 1, 2026, or, if such redemption or discharge occurs on or after September 1, 2026, then the registered owners of such bonds shall be entitled to be paid an amount equal to the interest accrued on the principal amount of the bonds to be redeemed to the date of redemption, plus 100% of the principal amount thereof.

Section 1.06. Bonds of Series M, upon surrender thereof at the principal office of the Trustee, may be exchanged for the same aggregate principal amount of other bonds of this Series.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection therewith, and the Trustee shall make such exchange upon payment to it of such charge, if any, as is required by the following paragraph.

For any exchange of bonds of Series M, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee.

Section 1.07. Upon execution of this Twelfth Supplemental Indenture and subject to the provisions of Article III of the Indenture and upon compliance with the applicable provisions of Article IV of the Indenture, the Company shall execute and deliver to the Trustee, and the Trustee shall authenticate and deliver to or upon the order of the Company, bonds of the Series M in the form set forth in Schedule A hereto in the aggregate principal amount of Ten Million Dollars ($10,000,000).

Article Two

Redemption

Section 2.01. In the case of any required sinking fund redemption pursuant to Section 1.02 hereof, forthwith after the August 1 preceding each required sinking fund redemption date, and in the case of any proposed redemption pursuant to Sections 1.03 or 1.04, forthwith after the Trustee's receipt of proper notice from the Company of any such proposed redemption, the Trustee, shall act in accordance with the provisions of Article VII of the Indenture.

The Company covenants that it will pay to the Trustee

(i) on or before the day prior to each required sinking fund redemption date, the sum required by Section 1.02 hereof,

(ii) on or before the day prior to the date proposed by the Company in a notice (which notice shall conform to the requirements of Article VII of the Indenture) of any redemption pursuant to Section 1.03 or 1.04 hereof, the amount payable in accordance with such notice, and

(iii) at the time of each required sinking fund redemption or other redemption the Company shall pay to the Trustee the amount of the charges which shall be due the Trustee and the amount of the expenses which the Trustee advises the Company it has incurred or will incur in connection with such redemption.

(Form of Series M Bond)

Unitil Energy Systems, Inc.

First Mortgage Bond, Series M, 6.96%
due September 1, 2028

No. MR-_____ $_____

Unitil Energy Systems, Inc., a corporation organized under the laws of the State of New Hampshire (hereinafter called the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the first day of September, 2028, the principal sum of _____ Dollars ($_____) and to pay interest thereon from the date hereof at the rate of six and ninety-six hundredths per centum (6.96%) per annum (computed on the basis of a thirty (30) day month and three hundred sixty (360) day year) payable quarterly in arrears on the first day of March, June, September and December in each year, commencing the first day of March, 2003, until said principal sum is paid; and to pay interest on any overdue principal (including any overdue prepayment of principal) and premium if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 8.96% per annum. The principal of and premium if any, and the interest on this bond shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association, or at the corporate trust office designated by its successor as trustee in the trust hereinafter referred to, or at the option of certain holders, in accordance with the provisions of Section 1.01 of Exhibit G of the Twelfth Supplemental Indenture hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a Series M known as First Mortgage Bonds, Series M, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (herein called the "Original Indenture") duly executed and delivered by the Company to Old Colony Trust Company (U.S. Bank National Association being successor Trustee and together with each predecessor trustee being called the "Trustee"), to which Original Indenture and to all Indentures supplemental thereto, including a Twelfth Supplemental Indenture (the "Twelfth Supplemental Indenture") dated as of December 2, 2002 (herein together called the "Indenture") reference is hereby made for a description of the property and transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustee and of the Company in respect of such security. Neither the foregoing reference to the Indenture, nor any provision of this bond or of the Indenture, shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay, at the stated or accelerated maturities herein provided, the principal of and premium, if any, and interest on this bond as herein provided.

Bonds of this Series M are entitled to the benefit of a required sinking fund provided for in Exhibit G to the Twelfth Supplemental Indenture and shall become subject to redemption for the purposes of such sinking fund at the principal amount thereof without premium, plus interest accrued thereon to the date of such redemption, all on the conditions and in the manner provided in Exhibit G to the Twelfth Supplemental Indenture.

Bonds of this Series M are also redeemable, in whole or in part, in integral multiples of one hundred thousand dollars, at the option of the Company on any date on at least 30 days' notice, in the manner, with the effect, subject to the limitations and for the amounts specified in Section 1.03 of Exhibit G to the Twelfth Supplemental Indenture.

On the conditions and in the manner provided in the Section 1.04 of Exhibit G to the Twelfth Supplemental Indenture, Series M Bonds may also become subject to redemption, in whole or in part, at any time on at least 30 days' notice, in the manner, with the effect and for the amounts specified in said Section 1.04, by the use of moneys deposited with or paid to the Trustee as the proceeds of the sale or condemnation of property of the Company or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property of the Company.

In the event that all or any part of the bonds of this Series M shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such Series M Bonds shall be entitled to be paid therefor an amount specified in Section 1.05 of Exhibit G to the Twelfth Supplemental Indenture.

The Indenture provides that, if notice of redemption of any bond issued pursuant to its terms, including the Series M Bonds, or any portion of the principal amount of any such bond selected for redemption has been duly given, then such bond or such portion thereof shall become due and payable on the date fixed for redemption, and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue from and after the date fixed for redemption, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given, or provision therefor made as provided in the indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture.

In case an Event of Default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the corporate trust office of the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized denomination or in authorized

denominations and of the same series, for the same aggregate principal amount. Bonds of this series upon surrender thereof at said office may be exchanged for the same aggregate principal amount of bonds, also of this series but of another authorized denomination or other authorized denominations, all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for all purposes.

With the consent of the company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof, and the terms and provisions of the Indenture may be modified by the assent or authority of the holders of at least seventy-five per centum (75%) in principal amount of the bonds then outstanding thereunder, provided, however, that no such modification shall (i) extend the time or times or payment of the principal of, or the interest or premium, if any, on any bond, (ii) reduce the principal amount thereof or the rate of interest or premium thereon, (iii) authorize the creation of any lien prior or equal to the lien of the Indenture upon any property subject to the lien thereof, or deprive any bondholder of the benefit of the lien of the Indenture, (iv) affect the rights under the Indenture of the holders of one or more, but less than all, of the series of bonds outstanding thereunder unless assented to by the holders of seventy-five per centum (75%) in aggregate principal amount of bonds outstanding thereunder of each of the series so affected, (v) reduce the percentage of bonds, the holders of which are required to assent to any such modification, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

In Witness Whereof, Unitil Energy Systems, Inc. has caused this bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Treasurer, and this bond to be dated the _____, _____.

Unitil Energy Systems, Inc.

By

President

Attest:

Treasurer

(Corporate Seal)

(Form of Trustee's Certificate for all Bonds of Series M)

Trustee's Certificate of Authentication

This is one of the First Mortgage Bonds, Series M, referred to in the within mentioned Indenture.

U.S. Bank National Association

By

Authorized Officer

(Form of Endorsement)

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within bond, and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said bond on the books of the Company, with full power of substitution in the premises.

Signature of Registered Owner

Dated:

In the presence
of:

Notice: The signature of this assignment must correspond with the name of the payee as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Series N Bonds

As a result of the Merger of Exeter into the Company on the Merger Date, as more fully described in the Twelfth Supplemental Indenture, $7,500,000 aggregate principal amount of the Exeter Series M, 8.00% Bonds due May 1, 2031("Exeter Series M Bonds") issued under the Exeter Indenture are exchanged as of Merger Date by the holders thereof for Bonds issued under the Indenture containing substantially the same terms and provisions as the Exeter Series M Bonds which are the Company's Series N 8.00% Bonds due May 1, 2031 (the "Series N Bonds"). Accordingly, the provisions for the issuance of $7,500,000 aggregate principal amount of the Company's Series N Bonds and the terms and provisions thereof are hereinafter set forth.

All things have been done and performed which are necessary to make the Series N Bonds, when authenticated by the Trustee and issued as herein provided, legal valid and binding obligations of the Company;

And it is Hereby Covenanted, Declared and Agreed, as set forth in the following-covenants, agreements, conditions and provisions, to wit:

Article One

Creation of Series N Bonds

Section 1.01. There shall be and is hereby created an additional series of bonds designated as and entitled "First Mortgage Bonds, Series N." Series N Bonds shall be fully registered bonds, of the denomination of $1,000 and multiples thereof. The registered bonds of Series N originally issued shall be dated as provided in Article III of the Indenture and any bonds of Series N subsequently issued shall be dated as provided in Section 2.03 of the Indenture. All Series N Bonds shall mature on May 1, 2031 and shall bear interest at the rate of eight percent (8.00%) per annum from their respective dates of issue, such interest to be payable quarterly in arrears on the first day of February, May, August and November each year commencing the first day of February, 2003, and shall bear interest on any overdue principal (including any overdue prepayment of principal) and premium, if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 10.00% per annum. The principal of, premium if any, and interest on bonds of Series N shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association or at the corporate trust office designated by its successor as Trustee hereunder, in lawful money of the United States of America provided that the Company may enter into a written agreement with any registered Institutional Holder of the bonds of Series N providing that payment of interest thereon and of the redemption price on any portion of the principal amount thereof (including premium, if any) which may be redeemed shall be made directly to such holder or to its nominee, as the case may be, at a duly designated place of payment within the United States, without surrender or presentation of such bonds of Series N to the Trustee, provided that (A) there shall have been filed with the Trustee a copy of such agreement, (B) pursuant to such agreement such holder shall agree that it will not sell, transfer or

otherwise dispose of any such bond of Series N in respect of which any such payment or redemption shall have been made unless, prior to the delivery thereof by it, either (i) it shall have made a clear and accurate notation of the amount of principal so redeemed upon such bond to be transferred, or (ii) such bond of Series N shall have been presented to the Trustee for appropriate notation thereon of the portion of the principal amount thereof redeemed, or (iii) such bond or bonds of Series N shall have been surrendered in exchange for a new bond or bonds of Series N for the unredeemed balance of the principal amount thereof in accordance with the other terms of the Indenture and (C) in such agreement such holder shall agree that prior to receiving any final payment of the entire remaining unpaid principal amount of any Series N bond, the holder thereof shall be required to deliver such bond to the Trustee. For purposes of this Section 1.01, the term "Institutional Holder" shall mean any insurance company, bank, savings and loan association, trust company, investment company, charitable foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution. The text of the Series N Bonds and the Trustee's certificate with respect thereto shall be respectively substantially of the tenor and purport set forth in Schedule A hereto. The Series N Bonds shall be numbered in such manner or by such method as shall be satisfactory to the Trustee.

The issue of bonds of Series N hereunder is hereby limited to the $7,500,000 in aggregate principal amount of Series N Bonds initially issued as provided in Section 1.07 hereof and to Series N Bonds issued in exchange or substitution for outstanding Series N Bonds under the provisions of Section 2.08, 2.10, 2.11 and 7.05 of the Indenture and of Section 1.06 hereof.

Section 1.02. As a required sinking fund for the benefit of the Series N Bonds, the Company covenants that it will, on or prior to May 1 in each year, beginning with May 1, 2022, and continuing to and including May 1, 2031, pay to the Trustee immediately available funds sufficient to redeem, at par, Series N Bonds then outstanding, in the principal amount of Seven Hundred Fifty Thousand Dollars ($750,000) (or the remaining principal amount if less than $750,000 principal amount of Series N Bonds at the time remains outstanding). The payments required for the sinking fund as above provided are in this Section 1.02 and elsewhere in this Exhibit H referred to as "required sinking fund payments" and the day following the latest date on which each such payment is required to be made is herein and therein referred to as a "required sinking fund redemption date". Each required sinking fund payment shall be applied to the redemption of Series N Bonds on the applicable required sinking fund redemption date.

No redemption under Section 1.03, 1.04 or 1.05 hereof shall affect or reduce the obligation of the Company to provide for required sinking fund redemptions under this Section 1.02 until all Series N Bonds shall have been paid in full.

Section 1.03. In addition to the required sinking fund provided by Section 1.02 hereof, all of the bonds of Series N, or any part of the principal amount thereof constituting One Hundred Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, on any date on or after May 1, 2001 and before May 1, 2029, pursuant to the provisions of Article VII of the Indenture, and by payment of an amount equal to the Make Whole Amount, as defined below in this Section 1.03, determined five Business Days prior to such redemption. In addition to the foregoing, on any date on or after May 1, 2029, all of the bonds of Series N, or any part of the principal amount thereof constituting One Hundred

Thousand Dollars ($100,000) or any integral multiple thereof, shall be subject to redemption, at the option of the Company, by payment of the interest accrued on the principal amount of the bond or bonds optionally to be redeemed to the dates fixed for such redemption plus 100% of the principal amount thereof.

For purposes of this Section 1.03, the Make Whole Amount shall mean the greater of (i) the outstanding principal amount of the bonds to be redeemed, plus interest accrued thereon to the date fixed for such redemption, and (ii) the sum of (A) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed (taking into account each redemption required by Section 1.02 above) and the amount of interest (exclusive of interest accrued to the date fixed for such redemption) that would have been payable in respect of each such dollar if such redemption had not been made, determined by discounting such amounts at the Reinvestment Rate (as hereinafter defined) from the respective dates on which they would have been payable to the date of such redemption, plus (B) interest accrued on the bonds to be redeemed to the date fixed for such redemption.

For purposes of any determination of the Make Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of 0.50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (Eastern time) on the fifth Business Day preceding the date the Make Whole Amount become due and payable pursuant to the foregoing provisions of this Section 1.03 for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal of the bonds being redeemed (taking into account the application of each redemption required by Section 1.02) or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States government Securities is available, Reinvestment Rate shall mean the sum of 0.50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published on the fifth Business Day preceding the date the Make Whole Amount become due and payable pursuant to the foregoing provisions of this Section 1.03 in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal amount of the bonds being redeemed (taking into account each redemption required by Section 1.02). If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence, and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straightline basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly

by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of outstanding Series N Bonds.

"Weighted Average Life to Maturity" of the principal amount of the bonds being redeemed shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (x) the remainder of (1) the amount of principal that would have been payable on each scheduled redemption date under Section 1.02 hereof if the redemption pursuant to this Section 1.03 had not been made, less (2) the amount of principal on the bonds scheduled to become payable on each such redemption date under Section 1.02 after giving effect to the redemption pursuant to this Section 1.03, by (y) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and each such scheduled redemption date under Section 1.02, and (ii) totaling the products obtained in (i).

Section 1.04. Series N Bonds may be redeemed pursuant to Article XI of the Indenture (i) out of Trust Moneys, required by Section 8.12 of the Indenture to be deposited with the Trustee, on any date and shall be redeemed for an amount equal to the principal amount of the bonds to be redeemed, plus interest accrued to the date of redemption; or (ii) out of Trust Moneys required by Sections 8.10, 10.03, 10.04 or 10.04A of the Indenture to be deposited with the Trustee, on any date and, if redeemed prior to May 1, 2029, then they shall be redeemed for an amount equal to the Make Whole Amount, as defined above in Section 1.03, and if redeemed on any date on or after May 1, 2029, then they shall be redeemed for an amount equal to the interest accrued on the principal amount of the bond or bonds to be redeemed to the date fixed for redemption, plus 100% of the principal amount thereof, for optional redemptions occurring on or after May 1, 2029.

Section 1.05. In the event that all or any part of the bonds of Series N shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such bonds of Series N shall be entitled to be paid an amount equal to the Make Whole Amount, if such redemption or discharge occurs prior to May 1, 2029, or, if such redemption or discharge occurs on or after May 1, 2029, then the registered owners of such bonds shall be entitled to be paid an amount equal to the interest accrued on the principal amount of the bonds to be redeemed to the date of redemption, plus 100% of the principal amount thereof.

Section 1.06. Bonds of Series N, upon surrender thereof at the principal office of the Trustee, may be exchanged for the same aggregate principal amount of other bonds of this Series.

Within a reasonable time after the receipt of a request for such an exchange, the Company shall issue and the Trustee shall authenticate and deliver all bonds required in connection

therewith, and the Trustee shall make such exchange upon payment to it of such charge, if any, as is required by the following paragraph.

For any exchange of bonds of Series N, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee.

Section 1.07. Upon execution of this Twelfth Supplemental Indenture and subject to the provisions of Article III of the Indenture and upon compliance with the applicable provisions of Article IV of the Indenture, the Company shall execute and deliver to the Trustee, and the Trustee shall authenticate and deliver to or upon the order of the Company, bonds of the Series N in the form set forth in Schedule A hereto in the aggregate principal amount of Seven Million Five Hundred Thousand Dollars ($7,500,000).

Article Two

Redemption

Section 2.01. In the case of any required sinking fund redemption pursuant to Section 1.02 hereof, forthwith after the April 1 preceding each required sinking fund redemption date, and in the case of any proposed redemption pursuant to Sections 1.03 or 1.04, forthwith after the Trustee's receipt of proper notice from the Company of any such proposed redemption, the Trustee, shall act in accordance with the provisions of Article VII of the Indenture.

The Company covenants that it will pay to the Trustee

(i) on or before the day prior to each required sinking fund redemption date, the sum required by Section 1.02 hereof,

(ii) on or before the day prior to the date proposed by the Company in a notice (which notice shall conform to the requirements of Article VII of the Indenture) of any redemption pursuant to Section 1.03 or 1.04 hereof, the amount payable in accordance with such notice, and

(iii) at the time of each required sinking fund redemption or other redemption the Company shall pay to the Trustee the amount of the charges which shall be due the Trustee and the amount of the expenses which the Trustee advises the Company it has incurred or will incur in connection with such redemption.

(Form of Series N Bond)

Unitil Energy Systems, Inc.

First Mortgage Bond, Series N, 8.00%
due May 1, 2031

No. NR- $_____

Unitil Energy Systems, Inc., a corporation organized under the laws of the State of New Hampshire (hereinafter called the "Company"), for value received, hereby promises to pay to _____ or registered assigns, on the first day of May, 2031, the principal sum of _____ Dollars ($_____) and to pay interest thereon from the date hereof at the rate of eight per centum (8.00%) per annum (computed on the basis of a thirty (30) day month and three hundred sixty (360) day year) payable quarterly in arrears on the first day of February, May, August and November each year, commencing the first day of February, 2003, until said principal sum is paid; and to pay interest on any overdue principal (including any overdue prepayment of principal) and premium if any, and (to the extent permitted by applicable law) on any overdue payment of interest, at the rate of 10.00% per annum. The principal of and premium if any, and the interest on this bond shall be payable at the corporate trust office in Boston, Massachusetts of U.S. Bank National Association, or at the corporate trust office designated by its successor as trustee in the trust hereinafter referred to, or at the option of certain holders, in accordance with the provisions of Section 1.01 of Exhibit H of the Twelfth Indenture hereinafter referred to, in lawful money of the United States of America.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company limited as to aggregate principal amount as set forth in the Indenture hereinafter mentioned, issuable in series, and is one of a Series N known as First Mortgage Bonds, Series N, all bonds of all series being issued and to be issued under and pursuant to and all equally secured (except as any sinking or other fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (herein called the "Original Indenture") duly executed and delivered by the Company to Old Colony Trust Company (U.S. Bank National Association being successor Trustee and together with each predecessor trustee being called the "Trustee"), to which Original Indenture and to all Indentures supplemental thereto, including a Twelfth Supplemental Indenture (the "Twelfth Supplemental Indenture") dated as of December 2, 2002 (herein together called the "Indenture") reference is hereby made for a description of the property and transferred, assigned and mortgaged thereunder, the nature and extent of the security, the terms and conditions upon which the bonds are secured and additional bonds may be issued and secured, and the rights of the holders or registered owners of said bonds, of the Trustee and of the Company in respect of such security. Neither the foregoing reference to the Indenture, nor any provision of this bond or of the Indenture, shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay,

Schedule A
(to Exhibit H of the Twelfth Supplemental Indenture)

at the stated or accelerated maturities herein provided, the principal of and premium, if any, and interest on this bond as herein provided.

Bonds of this Series N are entitled to the benefit of a required sinking fund provided for in Exhibit H to the Twelfth Supplemental Indenture and shall become subject to redemption for the purposes of such sinking fund at the principal amount thereof without premium, plus interest accrued thereon to the date of such redemption, all on the conditions and in the manner provided in Exhibit H to the Twelfth Supplemental Indenture.

Bonds of this Series N are also redeemable, in whole or in part, in integral multiples of one hundred thousand dollars, at the option of the Company on any date on at least 30 days' notice, in the manner, with the effect, subject to the limitations and for the amounts specified in Section 1.03 of Exhibit H to the Twelfth Supplemental Indenture.

On the conditions and in the manner provided in the Section 1.04 of Exhibit H to the Twelfth Supplemental Indenture, Series N bonds may also become subject to redemption, in whole or in part, at any time on at least 30 days' notice, in the manner, with the effect and for the amounts specified in said Section 1.04, by the use of moneys deposited with or paid to the Trustee as the proceeds of the sale or condemnation of property of the Company or as the proceeds of insurance policies deposited with or paid to the Trustee because of damage to or destruction of property of the Company.

In the event that all or any part of the bonds of this Series N shall be redeemed or otherwise discharged prior to their maturity pursuant to or in accordance with the order of any governmental commission or regulatory authority upon the reorganization, dissolution or liquidation of the Company, or otherwise, the registered owners of such Series N bonds shall be entitled to be paid therefor an amount specified in Section 1.05 of Exhibit H to the Twelfth Supplemental Indenture.

The Indenture provides that, if notice of redemption of any bond issued pursuant to its terms, including the Series N bonds, or any portion of the principal amount of any such bond selected for redemption has been duly given, then such bond or such portion thereof shall become due and payable on the date fixed for redemption, and, if the redemption price shall have been duly deposited with the Trustee, interest thereon shall cease to accrue from and after the date fixed for redemption, and that whenever the redemption price thereof shall have been duly deposited with the Trustee and notice of redemption shall have been duly given, or provision therefor made as provided in the indenture, such bond or such portion thereof shall no longer be entitled to any lien or benefit of the Indenture.

In case an Event of Default, as defined in the Indenture, occurs, the principal of this bond may become or may be declared due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

This bond is transferable by the registered owner hereof, in person or by duly authorized attorney, upon books of the Company to be kept for that purpose at the corporate trust office of the Trustee under the Indenture, upon surrender thereof at said office for cancellation and upon

presentation of a written instrument of transfer duly executed, and thereupon the Company shall issue in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new registered bond or bonds, of like form and in an authorized denomination or in authorized denominations and of the same series, for the same aggregate principal amount. Bonds of this series upon surrender thereof at said office may be exchanged for the same aggregate principal amount of bonds, also of this series but of another authorized denomination or other authorized denominations, all upon payment of the charges, if any, and subject to the terms and conditions specified in the Indenture.

The Company and the Trustee may treat the registered owner of this bond as the absolute owner hereof for all purposes.

With the consent of the company and to the extent permitted by and as provided in the Indenture, property may be released from the lien thereof, and the terms and provisions of the Indenture may be modified by the assent or authority of the holders of at least seventy-five per centum (75%) in principal amount of the bonds then outstanding thereunder, provided, however, that no such modification shall (i) extend the time or times or payment of the principal of, or the interest or premium, if any, on any bond, (ii) reduce the principal amount thereof or the rate of interest or premium thereon, (iii) authorize the creation of any lien prior or equal to the lien of the Indenture upon any property subject to the lien thereof, or deprive any bondholder of the benefit of the lien of the Indenture, (iv) affect the rights under the Indenture of the holders of one or more, but less than all, of the series of bonds outstanding thereunder unless assented to by the holders of seventy-five per centum (75%) in aggregate principal amount of bonds outstanding thereunder of each of the series so affected, (v) reduce the percentage of bonds, the holders of which are required to assent to any such modification, or (vi) in any manner affect the rights or obligations of the Trustee without its written consent thereto.

No recourse shall be had for the payment of the principal of or the interest on this bond, or of any claim based hereon or in respect hereof or of the Indenture, against any incorporator, stockholder, officer or director of the Company, or of any successor company, whether by virtue of any statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof expressly waived and released and being also waived and released by the terms of the Indenture.

This bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under the Indenture.

In Witness Whereof, Unitil Energy Systems, Inc. has caused this bond to be signed in its name by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Treasurer, and this bond to be dated the ____ day of _____, _____.

Unitil Energy Systems, Inc.

By:

Name:

Title:

Attest:

Treasurer

(Corporate Seal)

(Form of Trustee's Certificate for all Bonds of Series N)

Trustee's Certificate of Authentication

This is one of the First Mortgage Bonds, Series N, referred to in the within mentioned Indenture.

U.S. Bank National Association

By:

Authorized Officer

(Form of Endorsement)

For Value Received the undersigned hereby sells, assigns and transfers unto _____ the within bond, and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said bond on the books of the Company, with full power of substitution in the premises.

Signature of Registered Owner

Dated:

In the presence
of:

Notice: The signature of this assignment must correspond with the name of the payee as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Unitil Corporation
2003 Restricted Stock Plan

Article 1: Establishment, Objectives, and Duration

1.1 Establishment of the Plan. Unitil Corporation, a corporation organized and existing under New Hampshire law (the "Company"), established the Unitil Corporation 2003 Restricted Stock Plan (the "Plan") effective January 1, 2003 (the "Effective Date"). The Plan shall remain in effect as provided in Section 1.3 hereof.

1.2 Objectives of the Plan. The objectives of the Plan are to optimize the profitability and growth of the Company through incentives which are consistent with the Company's goals and which link the personal interests of Participants to those of the Company's shareholders; to provide Participants with an incentive for excellence in individual performance; and to promote teamwork among Participants.

1.3 Duration of the Plan. The Plan shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Article 13 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions.

Article 2: Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below, and, when the meaning is intended, the initial letter of the word shall be capitalized:

2.1 "Affiliate" means any parent or subsidiary of the Company which meets the requirements of Section 425 of the Code.

2.2 "Award" means, individually or collectively, an award under this Plan of Restricted Stock.

2.3 "Award Agreement" means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards made under the Plan.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Change in Control" means the satisfaction of any one or more of the following conditions (and the "Change in Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied):

a) the Company receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Rule 13(d) of the Exchange Act, disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of 25% or more of the outstanding Shares;

b) any "person" (as such term is used in Section 13(d) of the Exchange Act), group, corporation or other entity other than the Company or a wholly-owned subsidiary of the Company, purchases Shares pursuant to a tender offer or exchange offer to acquire any Shares (or securities convertible into Shares) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of the outstanding Shares (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire Shares);

c) consummation of a transaction which involves (1) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation, or pursuant to which Shares of the Company would be converted into cash, securities or other property (except where the Company's shareholders before such transaction will be the owners of more than 75% of all classes of voting securities of the surviving entity); or (2) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company.

d) there shall have been a change in a majority of the members of the Board within a 25-month period, unless the election or nomination for election by the Company's shareholders of each new director was approved by the vote of at least two-thirds of the directors then still in office who were in office at the beginning of the 25-month period.

2.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.7 "Committee" means the Compensation Committee of the Board, as specified in Article 3 herein, or such other Committee appointed by the Board to administer the Plan with respect to grants of Awards.

2.8 "Company" means Unitil Corporation, a corporation organized and existing under New Hampshire law, and any successor thereto as provided in Article 16 herein.

2.9 "Consultant" means an independent contractor who is performing consulting services for one or more entities in the Group and who is not an employee of any entity in the Group.

2.10 "Director" means a member of the Board or a member of the board of directors of an Affiliate.

2.11 "Disability" shall have the meaning ascribed to such term in the long-term disability plan maintained by the Company, or if no such plan exists, at the discretion of the Committee.

2.12 "Effective Date" shall have the meaning ascribed to such term in Section 1.1 hereof.

2.13 "Employee" means any employee of the Group, including any employees who are also Directors.

2.14 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.15 "Fair Market Value" means as of any date, the closing price based upon composite transactions on a national stock exchange for one Share or, if no sales of Shares have taken place on such date, the closing price on the most recent date on which selling prices were quoted. In the event the Company's Shares are no longer traded on a national stock exchange, Fair Market Value shall be determined in good faith by the Committee.

2.16 "Group" means the Company and its Affiliates.

2.17 "Named Executive Officer" means a Participant who, as of the date of vesting of an Award, is one of the group of "covered employees," as defined in the regulations promulgated under Code Section 162(m), or any successor section.

2.18 "Nonemployee Director" shall have the meaning ascribed to such term in Rule 16b-3 of the Exchange Act.

2.19 "Outside Director" shall have the meaning ascribed to such term under the regulations promulgated with respect to Code Section 162(m).

2.20 "Participant" means a current or former Employee, Director, or Consultant who has outstanding an Award granted under the Plan.

2.21 "Performance-Based Exception" means the performance-based exception from the tax deductibility limitations of Code Section 162(m).

2.22 "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, at its discretion), and the Shares are subject to a substantial risk of forfeiture, as provided in Article 6 herein.

2.23 "Restricted Stock" or "Restricted Share" means an Award granted to a Participant pursuant to Article 6 herein.

2.24 "Shares" means the shares of common stock (no par value) of the Company.

2.25 "Termination of Service" means, (i) if an Employee, termination of employment with all entities in the Group, (ii) if a Director, termination of service on the Board and the board of directors of any Affiliate, as applicable, and (iii) if a Consultant, termination of the consulting relationship with all entities in the Group; provided, however, that if a Participant serves the Group in more than one of the above capacities, Termination of Service shall mean termination of service in all such capacities.

Article 3: Administration

3.1 The Committee. The Plan shall be administered by the Committee. To the extent the Company deems it to be necessary or desirable with respect to any Awards made hereunder, the members of the Committee may be limited to Nonemployee Directors or Outside Directors, who shall be appointed from time to time by, and shall serve at the discretion of, the Board.

3.2 Authority of the Committee. Except as limited by law or by the Articles of Incorporation or the By-laws of the Company, and subject to the provisions herein, the Committee shall have full power to select the persons who shall participate in the Plan; determine the sizes of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to Participants; establish, amend, or waive rules and regulations for the Plan's administration as they apply to Participants; and (subject to the provisions of Article 13 herein) amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate its authority as identified herein.

3.3 Decisions Binding. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its shareholders, Affiliates, Participants, and their estates and beneficiaries.

Article 4: Shares Subject to the Plan and Maximum Awards

4.1 Number of Shares Available for Grants.

a) Subject to adjustment as provided in Section 4.2, the maximum number of Shares available for Awards to Participants under the Plan shall be 177,500. If any Award under the Plan expires before vesting or is forfeited, the Shares subject to such Award shall again be available for issuance under the Plan.

b) The maximum aggregate number of Shares of Restricted Stock that may be granted in any one calendar year to any one Participant shall be 20,000, subject to adjustment in accordance with Section 4.2.

4.2 Adjustments in Authorized Shares. In the event of any change in corporate capitalization affecting the Shares, including, without limitation, a stock split, reverse stock split, stock dividend or other distribution, recapitalization, consolidation, subdivision, split-up, spin-off, split-off, combination or other exchange of Shares or other form of reorganization or recapitalization, partial or complete liquidation, or other change affecting the Shares, the Committee shall authorize and make such proportionate adjustments, if any, as the Committee shall deem appropriate to prevent dilution or enlargement of rights, including, without limitation,

an adjustment in the maximum number and kind of Shares that may be delivered pursuant to Section 4.1 and in the Award limit set forth in Section 4.1(b); provided, however, that the number of Shares subject to any Award shall always be rounded to the nearest whole number, with one-half (1/2) of a share rounded up to the next higher number.

Article 5: Eligibility and Participation

5.1 Eligibility. Persons eligible to participate in this Plan include all Employees, Directors and Consultants of the Group.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees, Directors and Consultants those to whom Awards shall be made and shall determine the nature and amount of each Award.

Article 6: Restricted Stock

6.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Participants in such amounts as the Committee shall determine.

6.2 Restricted Stock Agreement. Each Restricted Stock grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine.

6.3 Transferability. Except as provided in this Article 6, the Shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Award Agreement.

6.4 Restrictions.

a) Subject to the terms hereof, the Committee shall impose such conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable and as are expressly set forth in the Award Agreement including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock, restrictions based upon the achievement of specific performance goals (Company-wide, divisional, and/or individual), time-based restrictions, and/or restrictions under applicable federal or state securities laws.

b) The Company shall retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied. The Participant shall execute appropriate stock powers in blank and such other documents as the Committee shall prescribe.

c) Subject to restrictions under applicable law or as may be imposed by the Company, Restricted Shares covered by each Award made under the Plan shall become freely transferable by the Participant after the last day of the applicable Period of Restriction.

6.5 Voting Rights. During the Period of Restriction, subject to any limitations imposed under the By-laws of the Company, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares.

6.6 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may be credited with regular dividends paid with respect to the underlying Shares while they are so held. The Committee may apply any restrictions to the dividends that the Committee deems appropriate and as are expressly set forth in the Award Agreement. Without limiting the generality of the preceding sentence, if the grant or vesting of Restricted Shares granted to a Named Executive Officer is designed to comply with the requirements of the Performance-Based Exception, the Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to such Restricted Shares, such that the dividends and/or the Restricted Shares maintain eligibility for the Performance-Based Exception.

Article 7: Termination of Service

Each Award Agreement shall set forth the effect that Termination of Service shall have upon that Award. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for Termination of Service; provided, however, that the following shall automatically apply to the extent different provisions are not expressly set forth in a Participant's Award Agreement:

a) Upon a Termination of Service for any reason other than death, retirement or Disability, all unvested Restricted Shares shall be forfeited as of the termination date.

b) Upon a Termination of Service as a result of the Participant's death, retirement or Disability, all unvested Restricted Shares shall vest as of the termination date.

Article 8: Restrictions on Shares

All Shares issued pursuant to Awards granted hereunder, and a Participant's right to receive Shares upon vesting of an Award, shall be subject to all applicable restrictions contained in the Company's By-laws, shareholders agreement or insider trading policy, and any other restrictions imposed by the Committee, including, without limitation, restrictions under applicable securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and restrictions under any blue sky or state securities laws applicable to such Shares.

Article 9: Performance Measures

If an Award is subject to Code Section 162(m) and the Committee determines that such Award should be designed to comply with the Performance-Based Exception, the performance measure(s), the attainment of which determine the degree of vesting, to be used for purposes of such Awards shall be chosen from among earnings per share, economic value added, market share (actual or targeted growth), net income (before or after taxes), operating income, return on assets (actual or targeted growth), return on capital (actual or targeted growth), return on equity (actual or targeted growth), return on investment (actual or targeted growth), gross or net underwriting results, revenue (actual or targeted growth), share price, stock price growth, total shareholder return, or such other performance measures as are duly approved by the Committee and the Company's shareholders.

Article 10: Beneficiary Designation

Subject to the terms and conditions of the Plan and the applicable Award Agreement, each Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom Shares under the Plan are to be transferred in the event of the Participant's death. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing during the Participant's lifetime with the party chosen by the Company, from time to time, to administer the Plan. In the absence of any such designation, Shares shall be paid to the Participant's estate following his death.

Article 11: Rights of Participants

11.1 Continued Service. Nothing in the Plan shall:

a) interfere with or limit in any way the right of the Company to terminate any Participant's employment, service as a Director, or service as a consultant with the Group at any time, or

b) confer upon any Participant any right to continue in the service of any member of the Group as an Employee, Director or Consultant.

11.2 Participation. Participation is determined by the Committee. No person shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive a future Award.

Article 12: Change in Control

Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, any restrictions and transfer limitations imposed on Restricted Shares shall immediately lapse

Article 13: Amendment or Termination

The Board may at any time and from time to time amend or terminate the Plan or any Award hereunder in whole or in part; provided, however, that no amendment which requires shareholder approval in order for the Plan to continue to comply with any applicable tax or securities laws or regulations, or the rules of any securities exchange on which the securities of the Company are listed, shall be effective unless such amendment shall be approved by the requisite vote of shareholders of the Company entitled to vote thereon; provided further that no such amendment or termination shall adversely affect any Award hereunder without the consent of the Participant.

Article 14: Withholding

14.1 Tax Withholding. The Company shall have the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any taxes required by federal, state, or local law or regulation to be withheld with respect to any taxable event arising in connection with an Award.

14.2 Share Withholding. Participants may elect, subject to the approval of the Committee, to satisfy all or part of such withholding requirement by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

Article 15: Indemnification

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company to the fullest extent permitted by applicable law against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification is subject to the person having been successful in the legal proceedings or having acted in good faith and what is reasonably believed to be a lawful manner in the Company's best interests. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Article 16: Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article 17: Legal Construction

17.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

17.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

17.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to, and may be made contingent upon satisfaction of, all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

17.4 Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the state of New Hampshire.

IN WITNESS WHEREOF, this Plan has been executed as of the date first written above.

UNITIL CORPORATION

s/Mark H. Collin/
By: Mark H. Collin
Its: Treasurer

PORTFOLIO SALE AND ASSIGNMENT
AND
TRANSITION SERVICE AND DEFAULT SERVICE
SUPPLY AGREEMENT
BY AND AMONG
UNITIL POWER CORP., UNITIL ENERGY SYSTEMS, INC.
AND
MIRANT AMERICAS ENERGY MARKETING, LP

FEBRUARY 25, 2003

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PORTFOLIO SALE AND ASSIGNMENT AND TRANSITION SERVICE AND DEFAULT SERVICE SUPPLY AGREEMENT

This PORTFOLIO SALE AND ASSIGNMENT AND TRANSITION SERVICE AND DEFAULT SERVICE SUPPLY AGREEMENT (this "Agreement") is entered into as of the 25th day of February, 2003, by and among UNITIL POWER CORP., a New Hampshire corporation ("UPC"), UNITIL ENERGY SYSTEMS, INC., a New Hampshire corporation ("UES") and MIRANT AMERICAS ENERGY MARKETING, LP, a Delaware limited partnership ("Mirant"). UPC, UES and Mirant are also referred to individually as a "Party" or collectively as the "Parties".

WHEREAS, UPC is a party to certain power supply agreements, pursuant to which UPC has an entitlement to approximately 118 MW of capacity and associated energy (the "Portfolio"); and

WHEREAS, UES is seeking wholesale power supplies for its Transition Service and Default Service obligations to its Large Customer Group and Small Customer Group (as such capitalized terms are defined herein) and to that end has solicited requests for proposal for the provision by third parties of such power supplies; and

WHEREAS, UES and UPC are wholly-owned subsidiaries of Unitil Corporation, a New Hampshire corporation; and

WHEREAS, UPC and UES are parties to a System Agreement dated as of October 1, 1986 (the "System Agreement") pursuant to which UPC currently acts as wholesale power supplier to UES; and

WHEREAS, UPC and UES have proposed to amend and restate the System Agreement in connection with the restructuring of UES's New Hampshire retail electric operations, in accordance with orders and approvals of the NHPUC (as defined herein), as a result of which UPC will cease to act as the wholesale supplier to UES; and

WHEREAS, in connection with the amendment and restatement of the System Agreement, UPC desires to divest itself of its Portfolio and to that end has conducted an auction of such Portfolio; and

WHEREAS, the solicitation of requests for proposal by UES and the auction of the Portfolio by UPC have been conducted simultaneously; and

WHEREAS, Mirant wishes to acquire the Portfolio and UPC wishes to the maximum extent possible to assign the Portfolio to Mirant, and to the extent any power supply agreement comprising part of the Portfolio is not assignable to Mirant, UPC wishes to sell its entitlement to capacity and associated energy thereunder and authorize Mirant to administer such power supply agreement on the terms and conditions set forth herein; and

WHEREAS, Mirant wishes to supply Transition Service Power and Default Service Power to UES to enable UES to meet the needs of its Small Customer Group and Large Customer Group retail distribution service customers who are taking Transition Service and Default Service, and UES desires to acquire such supply from Mirant, on the terms and conditions set forth herein; and

WHEREAS, the Parties agree and acknowledge that the sale of the Portfolio by UPC to Mirant and the supply of Transition Service Power and Default Service Power for the Large Customer Group and Small Customer Group by Mirant to UES are transactions that are mutually dependant upon one another, so that the failure of a condition precedent to the consummation of any one such transaction, or the early termination of any one such transaction due to a default by a Party of its obligations hereunder with respect thereto, shall cause the failure of a condition with respect to, or a termination of, as the case may be, all such other transactions.

NOW, THEREFORE, for and in consideration of the foregoing, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

All capitalized terms used and not otherwise defined in the body of this Agreement or in the body of Exhibits A and B hereto, shall have the meanings given such terms in Exhibit C hereto.

ARTICLE 2
SALE OF PORTFOLIO

UPC hereby agrees to sell and assign to Mirant, and Mirant agrees to purchase and take assignment from UPC of, the Assigned Agreements and Entitlements, on the terms and conditions set forth in Exhibit A hereto.

ARTICLE 3
TRANSITION AND DEFAULT SERVICE SUPPLY

Mirant hereby agrees to sell and deliver to UES, and UES hereby agrees to buy and receive from Mirant, the Transition Service Power and Default Service Power provided for in, and on the terms and conditions set forth in Exhibit B hereto.

ARTICLE 4
CONDITIONS

Section 4.1. Conditions to Obligations of UPC and UES.

The obligations of UPC and UES under this Agreement are subject to the fulfillment and satisfaction of each of the following conditions on or before the Effective

Date, any one or more of which may be waived only in writing, in whole or in part, by UPC and UES:

(a) Representations, Warranties and Covenants True at the Effective Date. (i) All representations and warranties of Mirant contained in this Agreement shall be true and correct in all material respects as of the date when made and at and as of the Effective Date as though such representations and warranties had been made or given on such date (except to the extent such representations and warranties specifically pertain to an earlier date), except (A) for changes contemplated by this Agreement and (B) where the failure to be true and correct will not have a material adverse effect on UPC's or UES's rights under this Agreement; (ii) Mirant shall have performed and complied with, in all material respects, its obligations that are to be performed or complied with by it hereunder prior to or on the Effective Date; and (iii) Mirant shall have delivered a certificate signed by one of its duly authorized officers certifying as to the fulfillment of the conditions set forth in the foregoing clauses (i) and (ii).

(b) Guaranty. Mirant shall have delivered the Guaranty executed and delivered by the Guarantor.

(c) Governmental Approvals. All the approvals and authorizations set forth in Exhibit E hereto shall have been received on or before April 14, 2003 in a form reasonably acceptable to UES and UPC, and shall on the Effective Date no longer be subject to rehearing, reconsideration or appeal (or all parties that have the right to bring an appeal shall have waived appeal rights). In particular, the approval of the NHPUC shall contain language substantially to the effect that the costs incurred under this Agreement, including, but not limited to, the Entitlement Payments, will be fully recoverable by UES in its retail rates.

(d) Legal Opinions. UPC and UES shall have received from counsel to Mirant its opinion, dated the Effective Date, covering the matters set forth in Exhibit H hereto and otherwise in form and substance reasonably satisfactory to UPC and UES.

(e) No Material Adverse Change. No material adverse change in the business, properties, financial condition, results of operations or prospects of Mirant or the Guarantor shall have occurred and be continuing, or with the passage of time, the giving of notice or both, shall be reasonably likely to occur.

(f) Absence of Litigation. No claims, actions, suits, grievances, arbitrations or proceedings shall be pending or threatened against any Party with respect to the transactions contemplated hereunder.

Section 4.2. Conditions to Obligations of Mirant.

The obligations of Mirant under this Agreement are subject to the fulfillment and satisfaction, on or before the Effective Date, of each of the following conditions, any one or more of which may be waived only in writing, in whole or in part, by Mirant:

(a) Representations, Warranties and Covenants True at the Effective Date. (i) All representations and warranties of UPC and UES contained in this Agreement shall be true and correct in all material respects when made and at and as of the Effective Date as though such representations and warranties had been made or given on such date (except to the extent such representations and warranties specifically pertain to an earlier date), except (A) for changes contemplated by this Agreement and (B) where the failure to be true and correct will not have a material adverse effect on Mirant's rights under this Agreement; (ii) UPC and UES shall each have performed and complied with, in all material respects, their respective obligations that are to be performed or complied with by them hereunder prior to or on the Effective Date; and (iii) each of UPC and UES shall deliver a certificate signed by one of their duly authorized officers certifying as to the fulfillment of the conditions set forth in the foregoing clauses (i) and (ii).

(b) Governmental Approvals. All the approvals and authorizations set forth in Exhibit E hereto shall have been received on or before April 14, 2003 in a form reasonably acceptable to Mirant, and such approvals and authorizations shall on the Effective Date no longer be subject to rehearing, reconsideration or appeal (or all parties that have the right to bring an appeal have waived appeal rights). In particular, the approval of the NHPUC shall contain language substantially to the effect that the costs incurred under this Agreement, including, but not limited to, the Entitlement Payments, will be fully recoverable by UES in its retail rates.

(c) Legal Opinions. Mirant shall have received from counsel to UPC and UES its opinion, dated the Effective Date, covering the matters set forth in Exhibit I hereto and otherwise in form and substance reasonably satisfactory to Mirant.

(d) No Material Adverse Change. No material adverse change in the business, properties, financial condition, results of operations or prospects of UPC or UES shall have occurred and be continuing, or with the passage of time, the giving of notice or both, shall be reasonably likely to occur.

(e) Absence of Litigation. No claims, actions, suits, grievances, arbitrations or proceedings shall be pending or threatened against any Party with respect to (i) this Agreement or (ii) any of the Power Supply Agreements, or the transactions contemplated thereunder, which might have a material adverse effect on the benefits to be realized by Mirant hereunder.

Section 4.3. Coordination.

UPC, UES and Mirant shall cooperate with each other and use all commercially reasonable efforts to (a) promptly prepare and file all necessary documentation, (b) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (c) obtain all necessary consents, approvals and authorizations of all other parties necessary or advisable to consummate the transactions contemplated by this Agreement (including the respective governmental approvals required by the Parties).

Each Party shall keep the other Parties reasonably apprised of the status of the conditions precedent to the occurrence of the Effective Date applicable to it. The Parties shall reasonably coordinate so that subject to the satisfaction of other prior conditions, the certificates, opinions and security to be delivered by a Party hereunder in connection with the Effective Date have been provided by the Effective Date.

ARTICLE 5
EFFECTIVE DATE AND TERM

Section 5.1. Effective Date.

The obligations of the Parties under this Agreement (other than the obligations of the Parties under Sections 4.1, 4.2, 4.3, 5.3 and 11.4 hereof) shall not become effective until the Effective Date shall have occurred.

Section 5.2. Term; Termination for Failure to Satisfy Conditions Precedent.

(a) This Agreement shall continue in effect, unless sooner terminated in accordance with the provisions of this Agreement, until the later of (a) the termination of the last to terminate of the Unassigned Agreements or the release of UPC from its obligations thereunder, and (b) the satisfaction in full of the obligation of UPC to pay the Entitlement Payment(s) due in accordance with the terms of this Agreement, and (c) the satisfaction in full of the obligations of Mirant to sell and deliver, and of UES to buy and receive, the Transition Service Power and Default Service Power provided for in, and on the terms and conditions set forth in Exhibit B hereto.

(b) If the conditions precedent to UES's, UPC's and Mirant's obligations hereunder set forth in Article 4 hereof have not been satisfied or waived on or prior to the Effective Date, then at any time thereafter either Party may terminate this Agreement on written notice of termination to the other Parties, without any liability or obligation of any Party to the others as a result of such termination, unless prior to the delivery of any such written notice of termination the condition or conditions precedent which had not been satisfied are satisfied.

Section 5.3. Notice.

Each Party shall notify the other Parties promptly if any information comes to its attention prior to the Effective Date that it believes might excuse such Party from the performance of its obligations under this Agreement or would or might cause any condition set forth in Article 4 not to be satisfied.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

Section 6.1. General Representations and Warranties.

Each Party hereby represents and warrants to the other that:

(a) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is duly qualified to do business in all jurisdictions where such qualification is required.

(b) It has full power and authority to enter this Agreement and perform its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or limited partnership action and do not and will not contravene its organizational documents or conflict with, result in a breach of, or entitle any party (with due notice or lapse of time or both) to terminate, accelerate or declare a default under, any agreement or instrument to which it is a party or by which it is bound. The execution, delivery and performance by it of this Agreement will not result in any violation by it of any law, rule or regulation applicable to it. It is not a party to, nor subject to or bound by, any judgment, injunction or decree of any court or other governmental entity which may restrict or interfere with the performance of this Agreement by it or may materially and adversely affect the business, property, financial condition, results of operations or prospects of such Party. This Agreement is its valid and binding obligation, enforceable against it in accordance with its terms, except as (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except as set forth in Exhibit E hereto, no consent, waiver, order, approval, authorization or order of, or registration, qualification or filing with, any court or other governmental agency or authority or other person is required for the execution, delivery and performance by such Party of this Agreement and the consummation by such Party of the transactions contemplated hereby. No consent or waiver of any party to any contract to which such Party is a party or by which it is bound is required for the execution, delivery and performance by such Party of this Agreement which has not been duly obtained.

(d) There is no action, suit, grievance, arbitration or proceeding pending or, to the knowledge of such Party, threatened against or affecting such Party at law or in equity, before any federal, state, municipal or other governmental court, department, commission, board, arbitrator, bureau, agency or instrumentality which prohibits or impairs its ability to execute and deliver this Agreement or to consummate any of the transactions contemplated hereby. Such Party has not received written notice of and otherwise is not aware of any such pending or threatened investigation, inquiry or review by any governmental entity.

Section 6.2 Representations of UPC.

(a) UPC hereby represents and warrants to Mirant that:

(i) Each of the Power Supply Agreements constitutes a valid and binding obligation of UPC and, to UPC's knowledge, constitutes a valid and binding obligation of the Suppliers thereto, and is in full force and effect.

(ii) True and correct copies of the Power Supply Agreements, including any and all amendments thereto and all written contracts, agreements, commitments, understandings or instruments relating to, or otherwise affecting, the Power Supply Agreements, have been delivered to Mirant, and UPC has not taken or failed to take any action which would result in any other modification or amendment of any Power Supply Agreement, or the waiver of any material term of any Power Supply Agreement.

(iii) Except as otherwise set forth in Exhibit F hereto, there is not, under any Power Supply Agreement, any default or event which, with notice or lapse of time or both, would constitute a default on the part of UPC or, to UPC's knowledge, any of the Suppliers. Without limiting the generality of the foregoing, all payments due from UPC under the Power Supply Agreements have been paid in full.

(iv) Except as otherwise set forth in Exhibit F hereto, UPC has not received any notification of, and is not aware of any claim alleging any breach with respect to any Power Supply Agreement, or any agreement or arrangement relating thereto, including interconnection, transmission and financing arrangements.

(v) UPC has the right to assign or transfer its Entitlements in accordance with the terms hereof and has not granted, or suffered to exist any lien, mortgage, encumbrance, charge, pledge, security interest, entitlement or other similar right of any kind with respect to any of the Power Supply Agreements, or its interest therein.

(vi) Except as otherwise set forth in Exhibit F hereto, no claims, actions, suits, grievances, arbitrations or proceedings are pending or, to the knowledge of UPC, threatened with respect to any of the Power Supply Agreements, or the transactions contemplated thereunder. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed against UPC with respect to any of the Power Supply Agreements, or the transactions contemplated thereunder.

(b) With respect to any Assigned Agreements, the representations and warranties of UPC set forth in this Section 6.2 shall terminate and be of no further force and effect from and after the effective date of the assignment of such Assigned Agreement.

Section 6.3. Representations of Mirant.

Mirant hereby represents and warrants to UPC that Mirant has made a complete and thorough review of the Power Supply Agreements sufficient for it to understand the benefits and risks of the transactions contemplated by this Agreement, and that it is not relying on any representations or warranties by UPC or any person actually or purportedly acting on UPC's behalf with respect to any matter affecting or arising out of or in connection with the Power Supply Agreements, except as otherwise expressly set forth herein.

Section 6.4. Disclaimers.

EXCEPT AS PROVIDED IN SECTIONS 6.1 AND 6.2(a), MIRANT ACKNOWLEDGES AND AGREES THAT UPC MAKES NO REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING THE POWER SUPPLY AGREEMENTS INCLUDING, IN PARTICULAR, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED, OTHER THAN THOSE EXPRESSLY SET FORTH HEREIN. EXCEPT AS EXPRESSLY SET FORTH HEREIN, MIRANT EXPRESSLY NEGATES ANY REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PROVISION OF DEFAULT SERVICE POWER OR TRANSITION SERVICE POWER HEREUNDER, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

ARTICLE 7
SECURITY

Section 7.1. Mirant Security.

Mirant shall provide UPC and UES a Guaranty from the Guarantor in the amount of Twenty Million Dollars ($20,000,000). The Guaranty shall be canceled and released promptly in the event Mirant satisfies the Acceptable Rating and Net Worth requirement (as defined below). In any such event, the original canceled instrument(s) shall be immediately returned to Mirant (or as directed by Mirant). For purposes hereof, an "Acceptable Rating" shall mean a rating on senior unsecured debt securities of Mirant by Standard and Poor's Corporation, Moody's Investors Service, Inc., Fitch IBCA or another nationally recognized rating service reasonably acceptable to UPC and UES of BBB+ (Standard and Poor's), Baa1 (Moody's) or BBB+ (Fitch) or its equivalent. For purposes hereof, the Net Worth requirement shall mean at least five hundred million dollars ($500,000,000).

Section 7.2. No Amendment to Amended System Agreement.

UPC hereby agrees that it will not after the date hereof amend or agree to any amendment or termination of the Amended System Agreement, if the effect of such amendment or termination would be to materially adversely affect the ability of UPC to perform its obligations hereunder, and shall provide notice to Mirant of any amendments to the Amended System Agreement promptly following the filing thereof with the NHPUC or FERC.

ARTICLE 8
EVENTS OF DEFAULT

Section 8.1. Events of Default by Mirant.

Any one or more of the following shall constitute an "Event of Default" hereunder with respect to Mirant:

(a) Mirant shall fail to pay any amounts to be paid by Mirant hereunder (whether directly to UES or UPC or under an Unassigned Agreement) and such failure shall continue for more than ten (10) days beyond the due date.

(b) A default shall occur in the performance of any other material covenant or condition to be performed by Mirant hereunder (other than a default specified in Section 8.1(a)) and such default shall continue unremedied for a period of thirty (30) days after notice from UPC or UES specifying the nature of such default.

(c) A custodian, receiver, liquidator or trustee of Mirant or the Guarantor, or of all or substantially all of the property of either, is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty (60) days; or Mirant or the Guarantor makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts as they mature; or Mirant or the Guarantor is adjudicated bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against Mirant or the Guarantor; or all or substantially all of the material property of either is sequestered by court order and the order remains in effect for more than sixty (60) days; or a petition is filed against Mirant or the Guarantor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect, and is not stayed or dismissed within sixty (60) days after filing.

(d) Mirant or the Guarantor files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or consents to the filing of any petition against it under any such law; or consents to the appointment of or taking possession by a custodian, receiver, trustee or liquidator of Mirant or the Guarantor or all or substantially all of the property of either.

Section 8.2. Events of Default by UPC or UES.

Any one or more of the following shall constitute an "Event of Default" hereunder with respect to UPC or UES:

(a) Either UPC or UES shall fail to pay any amounts due from them to Mirant hereunder and such failure shall continue for more than ten (10) days after the applicable due date.

(b) UPC shall act to amend the Amended System Agreement in a manner inconsistent with Section 7.2 hereof.

(c) Default shall occur in the performance of any other material covenant or condition to be performed by UPC or UES hereunder (other than a default specified in Section 8.2 (a) or (b)) and such default shall continue unremedied for a period of thirty (30) days after notice from Mirant specifying the nature of such default.

(d) Default shall occur by UPC under any Unassigned Agreement that causes the termination of such Unassigned Agreement, except to the extent such default is the result of any act or failure to act of Mirant under this Agreement.

(e) A custodian, receiver, liquidator or trustee of UPC or UES or of all or substantially all of either of their property is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty (60) days; or UPC or UES makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts as they mature; or UPC or UES is adjudicated bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against UPC or UES; or all or substantially all of the material property of UPC or UES is sequestered by court order and the order remains in effect for more than sixty (60) days; or a petition is filed against UPC or UES under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect, and is not stayed or dismissed within sixty (60) days after filing.

(f) UPC or UES files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or consents to the filing of any petition against it under any such law; or consents to the appointment of or taking possession by a custodian, receiver, trustee or liquidator of UPC or UES or all or substantially all of its property.

(g) The Net Worth of UES as determined as of the end of any fiscal quarter of UES is less than Twenty Million Dollars ($20,000,000), unless within three (3) business days following the end of such fiscal quarter UES delivers to Mirant security (which may be in the form of a letter of credit or Guaranty from Unitil Corporation) for the benefit of Mirant in an amount equal to the amount by which the Net Worth of UES is less than $20,000,000. This provision shall have no further force or effect from and after the end of the Transition Service Term.

Section 8.3. Remedies.

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder. For purposes of this Section 8.3, UES and UPC shall be considered to be the same single Party.

(a) Upon the occurrence of an Event of Default by either Party hereunder, the non-defaulting Party shall have the right to (i) collect all amounts then or thereafter due to it from the defaulting Party hereunder, and (ii) terminate this Agreement at any time during the continuation of such Event of Default upon written notice to the defaulting Party. Notwithstanding any other provision of this Agreement, after the occurrence of an Event of Default and for so long as the Event of Default is continuing and has not been cured, the non-defaulting Party shall have the right, upon written notice to the defaulting Party, to suspend all performance under this Agreement until such Event of Default has been cured. In addition, if Mirant is the defaulting Party, then (i) UPC shall have the right, but not the obligation, during the continuation of such default and prior to any termination of this Agreement to cease making the Entitlements available to Mirant hereunder and to instead sell such Entitlements to third parties for the account of UPC; and (ii) UES shall have the right, but not the obligation, during the continuation of such default and prior to any termination of this Agreement, to purchase energy, capacity and ancillary services, in a commercially reasonable manner considering the circumstances of such default, from third parties at the Delivery Points in quantities sufficient to cover any shortfall in Transition Service Power and/or Default Service Power resulting from such default, and Mirant shall reimburse UES for all costs, including both out-of-pocket and internal costs, incurred by UES related to such third-party purchases in excess of the cost that UES would otherwise have incurred for Transition Service Power and Default Service Power hereunder. If UPC is the defaulting Party and, by reason of UPC's default, Mirant is not receiving all or a portion of Capacity and Associated Energy in accordance with the terms hereof, then Mirant shall have the right, but not the obligation, during the continuation of such default and prior to any termination of this Agreement to purchase Capacity and Associated Energy from third parties to cover such shortfall, the costs of which (after taking into account the amount that Mirant would have otherwise paid the Supplier or Suppliers for the Capacity and Associated Energy being replaced and any Entitlement Payment actually received by Mirant for the period in question) shall be paid by UPC. A default by either UES or UPC shall permit Mirant to pursue all of the remedies provided for herein against both UES and UPC, even if either UES or UPC is not in default of its particular obligations hereunder, and a default by Mirant in its obligations to either UPC or UES hereunder shall permit both UPC and UES to pursue all of the remedies provided for herein against Mirant, notwithstanding that Mirant may not be in default with respect to the particular obligations of Mirant to either UPC or UES hereunder.

(b) If UPC and UES terminate this Agreement as a result of the occurrence of an Event of Default by Mirant, then UPC and UES shall thereafter have no further obligations hereunder and shall have all rights and remedies available to them under applicable law, including the right to recover damages. In addition, UPC and UES shall

be entitled to reimbursement of all reasonable costs incurred by them (including reasonable attorneys' fees incurred in the enforcement or attempted enforcement hereof) as a result of the termination of this Agreement.

(c) If Mirant terminates this Agreement as a result of the occurrence of an Event of Default by UPC and/or UES, then Mirant shall thereafter have no further obligations hereunder and shall have all rights and remedies available to it hereunder and under applicable law, including the right to recover damages. In addition, Mirant shall be entitled to reimbursement of all reasonable costs incurred by it (including reasonable attorneys' fees incurred in the enforcement or attempted enforcement hereof) as a result of the termination of this Agreement.

(d) unless expressly provided in this agreement, no party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, by statute, in tort or contract, under indemnity provisions or otherwise.

(e) The remedies provided for in this Section 8.3 shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise). In particular, and without limitation of the foregoing, upon an Event of Default by Mirant, UES shall have the right to set-off against any amounts due by it to Mirant hereunder any amounts due to it by Mirant hereunder; upon an Event of Default by Mirant, UPC shall have the right to set-off against any amounts due by it to Mirant hereunder any amounts due to it by Mirant hereunder; upon an Event of Default by UES, Mirant shall have the right to set-off against any amounts due by it to UES hereunder any amounts due to it by UES hereunder; and upon an Event of Default by UPC, Mirant shall have the right to set-off against any amounts due by it to UPC hereunder any amounts due to it by UPC hereunder. In no event shall Mirant be permitted to set-off against amounts due by it to UES any amounts due to it by UPC, nor shall Mirant be permitted to set-off against amounts due by it to UPC any amounts due to it by UES, nor shall UES be permitted to set-off against amounts due by it to Mirant any amounts due by Mirant to UPC, nor shall UPC be permitted to set-off against any amounts due by it to Mirant any amounts due by Mirant to UES.

ARTICLE 9
INDEMNIFICATION

Section 9.1. Indemnification by Mirant.

Mirant shall indemnify, defend and hold harmless UPC and UES and their respective company's officers, directors, agents, employees and Affiliates from and against any and all loss, costs, expense, claims, demands, liabilities (including reasonable attorneys' fees), judgments, fines, settlements and other amounts arising from any and all pending or threatened civil, criminal, administrative or investigative proceedings (collectively, "Claims") relating to or arising out of:

(a) Any failure of Mirant to observe or perform any material term or provision of this Agreement.

(b) Any failure of any representation or warranty made by Mirant herein to be true in any material respect.

(c) Any Claim of a Supplier or any other third party to the extent arising from the acts or omissions of Mirant or any of its agents or employees in exercising its rights or performing its obligations hereunder after the Effective Date.

Section 9.2. Indemnification by UPC.

UPC shall indemnify, defend and hold harmless Mirant, its officers, directors, agents, employees and Affiliates from and against any and all loss, costs, expense, claims, demands, liabilities (including reasonable attorneys' fees), judgments, fines, settlements and other amounts arising from any and all Claims relating to or arising out of:

(a) Any failure of UPC to observe or perform any material term or provision of this Agreement.

(b) Any failure of any representation or warranty made by UPC herein to be true in any material respect.

(c) Any Claim of a Supplier or any other third party to the extent arising from the acts or omissions of UPC or any of its agents or employees.

(d) Any Claim that the transactions contemplated hereby violate or otherwise constitute a default under any Unassigned Agreement (provided, that UPC's indemnification obligations with respect to any Claim by a Supplier that the transactions contemplated hereby violate or otherwise constitute a default under a Power Supply Agreement shall be limited to Mirant's reasonable out-of-pocket legal costs and expenses incurred in cooperating with UPC in disputing or defending against any such Claim, and UPC shall have no other liability to Mirant with respect to any such Claim, even if successful).

(e) An Excluded Liability.

Section 9.3. Indemnification by UES.

UES shall indemnify, defend and hold harmless Mirant, its officers, directors, agents, employees and Affiliates from and against any and all loss, costs, expense, claims, demands, liabilities (including reasonable attorneys' fees), judgments, fines, settlements and other amounts arising from any and all Claims relating to or arising out of:

(a) Any failure of UES to observe or perform any material term or provision of this Agreement.

(b) Any failure of any representation or warranty made by UES herein to be true in any material respect.

(c) Any Claim of a third party to the extent arising from the acts or omissions of UES or any of its agents or employees in exercising its rights or performing its obligations hereunder after the Effective Date.

Section 9.4. No Joint and Several Liability

Mirant hereby acknowledges and agrees that UES shall have no responsibility or liability, direct, indirect, contingent or otherwise, with respect to the obligations of UPC under Exhibit A hereto or with respect to any rights or remedies which Mirant may have under applicable law or this Agreement with respect to a breach or default by UPC of such obligations, except that an Event of Default by UPC hereunder shall also be an Event of Default by UES hereunder, as more fully provided for in Section 8.2 hereof, and such Event of Default shall afford to Mirant all rights and remedies provided for herein with respect to both UES and UPC. Mirant further acknowledges and agrees that UPC shall have no responsibility or liability, direct, indirect, contingent or otherwise, with respect to the obligations of UES under Exhibit B hereto or with respect to any rights or remedies which Mirant may have under applicable law or this Agreement with respect to a breach or default by UES of such obligations, except that an Event of Default by UES hereunder shall also be an Event of Default by UPC hereunder, as more fully provided for in Section 8.2 hereof, and such Event of Default shall afford to Mirant all rights and remedies provided for herein with respect to both UES and UPC.

ARTICLE 10
DISPUTE RESOLUTION; ARBITRATION

Section 10.1. Resolution By Officers of the Parties.

For purposes of this Article 10, UES and UPC shall be considered the same single Party, and Mirant shall be considered the other Party. In the event of any dispute between the Parties as to a matter referred to herein or as to the interpretation of any part of this Agreement, including this Section 10.1 or as to the determination of any rights or obligations or entitlements arising from or related to this Agreement or as to the calculation of any amounts payable under this Agreement, the Parties shall refer the matter to their respective chief executive officers, or another duly authorized officer, for resolution. Should such officers of the respective Parties fail to resolve the dispute within twenty (20) days from such referral, the Parties agree that any such dispute shall be referred to binding arbitration.

Section 10.2. Arbitration Procedures.

A Party submitting a dispute to arbitration (the "Requesting Party") shall do so by delivering to the other Party a notice demanding or requesting, as the case may be, arbitration of the dispute and naming an arbitrator. Within thirty (30) days after the receipt of the notice from the Requesting Party, the other Party shall, in writing, serve upon the Requesting Party a notice designating an arbitrator on its behalf. The two

arbitrators so chosen shall within twenty (20) days after the appointment of the second arbitrator, in writing, designate a third arbitrator. Upon the failure of the other Party to appoint the second arbitrator within such thirty (30) day time period, the Requesting Party may proceed with the single arbitrator. If the first and second arbitrators are unable to agree on a third arbitrator within twenty (20) days of the appointment of the second arbitrator, the first and second arbitrator shall invoke the services of the American Arbitration Association to appoint a third arbitrator. Such third arbitrator shall, to the extent practicable, have special competence and experience with respect to the subject matter under consideration. An arbitrator so appointed shall have full authority to act pursuant to this Article. No arbitrator, whether chosen by a Party or appointed, shall have the power to amend or add to this Agreement. The Requesting Party shall, within twenty (20) days after either the failure of the other Party to name an arbitrator, or the appointment of the third arbitrator, as the case may be, fix, in writing, a time and a place of hearing, to be not less than twenty (20) days from delivery of notice to the other Party. The arbitrator or arbitrators shall, thereupon, proceed promptly to hear and determine the controversy pursuant to the then current rules of the American Arbitration Association for the conduct of commercial arbitration proceedings. Such arbitrator or arbitrators shall fix a time within which the matter shall be submitted to him, her or them by both of the Parties, and shall make his, her or their decision, within ten (10) days after the final submission to him, her or them unless, for good reasons to be certified by him, her or them in writing, he, she or they shall extend such time. The decision of the single arbitrator, or two of the three arbitrators, shall be taken as the arbitration decision. Such decision shall be confidential and made in writing and in duplicate, and one copy shall be delivered to each of the Parties. The arbitrator or arbitrators by his, her or their award shall determine the manner in which the expense of the arbitration shall be borne, except that each Party shall pay the costs of its own counsel. Each Party shall accept and abide by the decision. The award of the arbitral tribunal shall be final except as otherwise provided by applicable law. Judgment upon such award may be entered by the prevailing Party in any court having jurisdiction thereof, or application may be made by such Party to any such court for judicial acceptance of such award and an order of enforcement. Either Party shall have the right to seek a temporary or preliminary injunction from a court of competent jurisdiction prior to the arbitration.

Section 10.3. Binding Award.

This agreement to arbitrate and any award made hereunder shall be binding upon each Party and the successors and assigns and any trustee or receiver of each Party.

Section 10.4. Continued Performance.

Except to the extent a Party has the right to suspend performance under Section 8.3 hereof, no dispute shall interfere with the Parties' continued fulfillment of their obligations under this Agreement pending the decision of the arbitrator(s).

ARTICLE 11
MISCELLANEOUS

Section 11.1. Assignment; Successors and Assigns.

This Agreement shall inure to the benefit of and bind the respective successors and assigns of the Parties, including any successor to any Party by consolidation, merger, or acquisition of all or substantially all of the assets of such Party; provided, however, that no assignment by any Party (or any successor or assignee thereof) of its rights and obligations hereunder shall be made or become effective without the prior written consent of each other Party in each case obtained, which consent may be withheld in each such other Party's sole discretion; provided, that Mirant or any assignee of Mirant may assign this Agreement (a) as collateral security to any lender from time to time providing financing to Mirant in connection with the transactions contemplated hereby, so long as neither Mirant nor the Guarantor is relieved of any obligation or liability hereunder as a result of such assignment; and (b) to any Affiliate of Mirant so long as the Guarantor is not relieved of any obligation or liability hereunder as a result of such assignment. UPC and UES shall execute and deliver such documents as may be reasonably necessary to accomplish any such assignment, transfer, pledge or other disposition of rights and interests to any such lender so long as UPC's and UES's rights under this Agreement are not thereby materially altered, amended, diminished or otherwise impaired. Any assignments by any Party shall be in such form as to assure that such Party's obligations under this Agreement will be honored fully and timely by any succeeding party. This Section 11.1 shall not limit or otherwise restrict in any manner whatsoever Mirant's ability to resell or enter into any other arrangement with respect to the sale of the Capacity and Associated Energy.

Section 11.2. Notices.

All notices, requests and other communications hereunder (herein collectively a "notice" or "notices") shall be deemed to have been duly delivered, given or made to or upon any Party if in writing and delivered by hand against receipt, or by certified or registered mail, postage pre-paid, return receipt requested, or to a courier who guarantees next business day delivery or sent by telecopy (with confirmation by return telecopy) to such Party at its address set forth below or to such other address as such Party may at any time, or from time to time, direct by notice given in accordance with this Section 11.2.

IF TO MIRANT:

Mirant Americas Energy Marketing, LP
1155 Perimeter Center West
Atlanta, Georgia 30338
Attention: Legal Department, Power

IF TO UPC:

Unitil Power Corp.
6 Liberty Lane West
Hampton, NH 03842

Attn: President - Energy Contracts

IF TO UES:

Unitil Energy Systems, Inc.
6 Liberty Lane West
Hampton, NH 03842

Attn: Energy Contracts

The date of delivery of any such notice, request or other communication shall be the earlier of (i) the date of actual receipt or (ii) three (3) business days after such notice, request or other communication is sent by certified or registered mail, (iii) if sent by courier who guarantees next business day delivery, the business day next following the day such notice, request or other communication is actually delivered to the courier or (iv) the day actually telecopied (with confirmation by return telecopy).

Section 11.3. Governing Law.

The rights and obligations of the Parties shall be construed and interpreted in accordance with the substantive law of the State of New York without giving effect to its principles for choice of law.

Section 11.4. Confidentiality.

Each Party shall keep confidential, and shall not disseminate to any third party (other than such Party's Affiliates) or use for any other purpose (except with the written authorization of the other Party), any information received from the other that is confidential or proprietary unless legally compelled by deposition, inquiry, request for documents, subpoena, civil investigative demand or similar process, or by order of a court or tribunal of competent jurisdiction or in order to comply with applicable rules or requirements of any stock exchange, government department or agency or other regulatory authority, or by requirements of any securities law or regulation or other legal requirement or as necessary to enforce the terms of this Agreement. This Section 11.4 shall survive the termination of this Agreement for a period of two (2) years. If any Party is compelled to disclose any confidential information of the other Party, such Party shall request that such disclosure be protected and maintained in confidence to the extent reasonable under the circumstances and use reasonable efforts to protect or limit disclosure with respect to commercially sensitive terms. In addition, such Party shall provide the other Party with prompt notice of the requirement to disclose confidential information in order to enable the other Party to seek an appropriate protective order or other remedy, and such Party shall consult with the other Party with respect to the other

Party taking steps to resist or narrow the scope of any required disclosure. The Parties shall reasonably coordinate in the preparation and issuance of all publicity relating to this Agreement.

Section 11.5. No Partnership.

Nothing contained in this Agreement shall be construed to create a partnership, joint venture or other relationship that may invoke fiduciary obligations between the Parties.

Section 11.6.Fees and Expenses.

Except as otherwise provided herein, each of UPC and UES, on the one hand, and Mirant, on the other hand, shall pay all fees and expenses incurred by, or on behalf of, such Party in connection with, or in anticipation of, this Agreement and the consummation of the transactions contemplated hereby.

Section 11.7. Captions.

The captions to sections throughout this Agreement are intended solely to facilitate reading and reference to all sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

Section 11.8. Entire Agreement and Amendments.

This Agreement sets forth the entire agreement of the Parties with respect to the subject matter herein and takes precedence over all prior understandings. This Agreement may not be amended except by an agreement in writing signed by the Parties.

Section 11.9. Severability.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the other provisions hereof. If any provision of this Agreement is held to be invalid, such provision shall not be severed from this Agreement; instead, the scope of the rights and duties created thereby shall be reduced by the smallest extent necessary to conform such provision to the applicable law, preserving to the greatest extent the intent of the Parties to create such rights and duties as set out herein. If necessary to preserve the intent of the Parties, the Parties shall negotiate in good faith to amend this Agreement, adopting a substitute provision for the one deemed invalid or unenforceable that is legally binding and enforceable.

Section 11.10. Further Assurances.

Subject to the provisions of Section 2.5 of Exhibit A hereto, in connection with this Agreement and the transactions contemplated hereby, each Party shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and such transactions and the intention of the Parties.

Section 11.11. Laws and Regulations; Changes in Law.

This Agreement and the rights, obligations, and performances of the Parties under this Agreement are subject to all applicable state and federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authorities having jurisdiction. Each Party hereto shall be responsible for taking all necessary actions to satisfy any regulatory requirements that may be imposed by any federal, state, or municipal statute, rule, regulation, or ordinance that may be in effect from time to time relative to the performance of such Party hereunder.

If and to the extent that, during the term of this Agreement, any laws or regulations which govern any transaction contemplated herein shall change so as to make this Agreement unlawful, then Mirant, UPC and UES hereby agree to effect such modifications to this Agreement as shall be reasonably necessary for the Agreement to accommodate any such legal or regulatory changes.

Section 11.12. Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, any of which need not contain the signatures of more than one Party, but all such counterparts taken together shall constitute one and the same Agreement.

Section 11.13. Interpretation.

In the event of any dispute concerning the construction or interpretation of this Agreement or any ambiguity hereof, there shall be no presumption that this Agreement or any provision hereof be construed against the Party who drafted this Agreement. In this Agreement, unless the context otherwise requires, the singular shall include the plural, the masculine shall include the feminine and neuter, and vice versa; the term "includes" or "including" shall mean "including, without limitation,"; references to an Article, Section, Exhibit or Schedule shall mean an Article, Section, Exhibit or Schedule of this Agreement; and the terms "hereof", "herein", "hereto", "hereunder" and "herewith" refer to this Agreement as a whole. Reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented and restated through the date as of which such reference is made.

Section 11.14. Independent Relationship.

Nothing in this Agreement shall be construed or interpreted to make UPC or UES or their respective employees or agents, the agent, representative or employee of Mirant.

Section 11.15. No Third Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any third party not a party hereto, including any Supplier.

Section 11.16. Waivers.

The failure of a Party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of a Party thereafter to enforce each and every such provision. A waiver under this Agreement must be in writing and state that it is a waiver. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

Section 11.17. Duty to Mitigate.

Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of any other Party's performance or non-performance of this Agreement.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be duly executed as an instrument under seal by their respective duly authorized officers as of the date and year first above written.

UNITIL POWER CORP.

By:

Name:
Title:

UNITIL ENERGY SYSTEMS, INC.

By:

Name:
Title:

MIRANT AMERICAS ENERGY MARKETING, LP

By MIRANT AMERICAS DEVELOPMENT, INC.,
Its General Partner

By:

Name:
Title:

EXHIBIT A

PORTFOLIO SALE AND ASSIGNMENT

ARTICLE 1
DEFINITIONS

Capitalized terms used and not otherwise defined in this Exhibit A shall have the meanings given such terms either in Exhibit C or elsewhere in this Agreement.

ARTICLE 2
SALE OF PORTFOLIO

Section 2.1. Assignment and Assumption of Assigned Agreements.

(a) In consideration of the payment by Mirant of the Supplier Payment and the performance of Mirant's other obligations hereunder and subject to the terms and conditions hereof, on the Effective Date UPC shall irrevocably convey, assign, set over, transfer and deliver to Mirant, its successors and assigns, to have and to hold for its and their own use and benefit forever all of UPC's right, title and interest in, to and under the Assigned Agreements. In consideration of the payment by UPC of the Entitlement Payment and the performance of UPC's other obligations hereunder and subject to the terms and conditions hereof, Mirant hereby agrees to accept the foregoing assignment on the Effective Date and agrees to irrevocably assume, pay and perform as and when due all of UPC's obligations and liabilities under the Assigned Agreements from and after the Effective Date.

(b) Subject to Section 2.5 of this Exhibit A, the Parties shall execute and deliver such other documents and instruments and take such other actions as may be reasonably necessary, proper or advisable, to the extent permitted by applicable law, to fulfill the purpose and intent of this Section 2.1.

Section 2.2. Sale of Entitlements for Unassigned Agreements.

(a) In consideration of the payment by Mirant of the Supplier Payment and the performance of Mirant's other obligations hereunder and subject to the terms and conditions hereof, UPC hereby agrees to sell to Mirant on the Effective Date all its right, title and interest in and to the Entitlements. In consideration of the payment by UPC of the Entitlement Payment and the performance of UPC's other obligations hereunder and subject to the terms and conditions hereof, Mirant hereby agrees to purchase from UPC on the Effective Date all of UPC's right, title and interest in and to the Entitlements. As a result of such sale, Mirant shall be entitled to receive as of the Effective Date all Capacity and Associated Energy available to UPC under the Unassigned Agreements.

(b) Except as otherwise specifically provided herein, Mirant hereby agrees to perform and fulfill all terms, conditions and obligations of UPC under, and accepts all risks related to, each Unassigned Agreement. Mirant shall perform such obligations with the same effect as if Mirant were party to each such Unassigned Agreement in place of

UPC, such undertaking to be effective as of the Effective Date. Mirant shall be responsible for only those obligations of UPC under each Unassigned Agreement which relate to the period, and to acts, events or omissions occurring, from and after the Effective Date.

Section 2.3. Risk of Unit Performance.

Mirant understands that UPC makes no representation, guaranty or warranty concerning the availability of Capacity and Associated Energy, and that Mirant shall have no remedy and recourse against UPC in the case of any deficiency or failure pertaining to any Unit or default by a Supplier under a Power Supply Agreement. Mirant shall bear the entire risk of performance by the other parties to the Power Supply Agreements.

Section 2.4. Modification of Unassigned Agreements.

Mirant shall have the right to engage in negotiations with the Suppliers to modify or terminate an Unassigned Agreement, and UPC hereby consents to such negotiations, subject to the provisions of Article 4 of this Exhibit A.

Section 2.5. Assignment of Unassigned Agreements Following Effective Date.

UPC and Mirant shall each use commercially reasonable efforts following the Effective Date to effect an assignment to Mirant of each Unassigned Agreement. UPC shall not be obligated to agree to the terms of any such assignment unless such terms irrevocably and unconditionally release UPC from and against any obligations, liabilities or claims by the Supplier thereunder with respect to any periods from and after the Effective Date. Mirant shall not be obligated to agree to any such assignment unless (i) the terms of such assignment do not involve any material amendment to the terms and conditions of the Unassigned Agreement and do not impose any additional obligations or costs on Mirant thereunder, and (ii) UPC has paid in full all of the Entitlement Payments required to be paid by it hereunder. The assignment of an Unassigned Agreement to Mirant shall not affect the relative rights and obligations of the Parties hereunder following the effectiveness of such assignment, except that for all purposes hereof such Unassigned Agreement shall thereafter be deemed to be an Assigned Agreement. UPC and Mirant agree to execute such agreements and instruments effecting any such assignment in accordance with the provisions of this Section 2.5 as each shall reasonably determine to be necessary or appropriate.

Section 2.6. Exclusion of Transmission Obligations and Auction Revenue Rights.

UPC and Mirant hereby agree that UPC shall remain responsible for certain transmission obligations associated with Article 5.2 of the Power Supply Agreement between UPC and Wisvest Connecticut LLC (now known as PSEG Connecticut LLC) relating to Bridgeport Harbor Power Station, notwithstanding anything to the contrary in this Agreement. UPC shall also pay for any transmission costs associated with said Article 5.2 and shall be entitled to receive any and all Rights (as such term is defined in Section 2.1(j) of Exhibit B to this Agreement) associated with such retained transmission

obligations; Mirant shall be entitled to any other Rights arising under any of the other Power Supply Agreements.

ARTICLE 3
SUPPLIER PAYMENT; ENTITLEMENT PAYMENT; AND EXCLUDED LIABILITIES; BILLING AND PAYMENT

Section 3.1. Supplier Payment

In consideration for the assignments and sales provided for in Article 2 of this Exhibit A, Mirant hereby agrees to pay each month, commencing on the Effective Date, all amounts due from UPC to the Suppliers under the Unassigned Agreements, excluding any Excluded Liabilities (as defined below) in accordance with Section 3.4(a) of this Exhibit A (the "Supplier Payment").

Section 3.2. Entitlement Payment

In consideration for the assignments and sales provided for in Article 2 of this Exhibit A, UPC shall pay directly to Mirant the amounts specified on Appendix 1 to this Exhibit A in accordance with Section 3.4(c) of this Exhibit A (the "Entitlement Payment").

Section 3.3. Excluded Liabilities.

Mirant shall not undertake or be liable for any of the following, and no such amounts shall be reflected in any component of the Supplier Payment:

(a) Any obligation or liability of UPC arising out of the performance or a breach by UPC of any of its obligations under this Agreement.

(b) Any fines or penalties imposed by governmental agencies resulting from (i) an investigation or proceeding pending prior to the Effective Date or (ii) illegal acts, willful misconduct or gross negligence of UPC prior to the Effective Date.

(c) Any liabilities or obligations of UPC arising from the breach by UPC or any of its Affiliates on or prior to the Effective Date of any term or provision of any contract, instrument or agreement relating to any of the Power Supply Agreements.

All such liabilities and obligations not being undertaken by Mirant pursuant to this Section 3.3 are herein called the "Excluded Liabilities."

Section 3.4. Billing and Payment.

(a) Mirant shall pay the Supplier Payment directly to the Suppliers. UPC shall cause the Suppliers to send invoices for amounts due directly to Mirant, provided that in each instance where a Supplier sends an invoice under any Unassigned Agreement directly to Mirant, Mirant shall provide a copy thereof to UPC within five (5) business days of Mirant's receipt of the invoice. UPC shall forward to Mirant all invoices under

the Unassigned Agreements which it receives within five (5) business days of its receipt thereof, and shall be responsible for any interest or penalties which Mirant may become liable for resulting from its inability to pay any such invoice when due if UPC fails to so forward any such invoice. UPC shall have no obligations with respect to such invoices or the payment thereof other than with respect to Excluded Liabilities. Mirant shall remit payment of the amount shown to be due on all such invoices in accordance with the requirements of the Unassigned Agreements. In the event that Mirant receives credit from any Supplier for any amount relating to a period prior to the Effective Date, Mirant shall promptly pay such amount to UPC, and in the event that any Supplier bills Mirant for any amount relating to a period prior to the Effective Date, Mirant shall promptly inform UPC and UPC shall be responsible for the payment of such amount directly to the Supplier in question and for notifying Mirant that such payment has been made.

(b) Subject to any provisions in the Unassigned Agreements regarding UPC's right to dispute and withhold payments in good faith, which Mirant shall have the benefit of, Mirant shall make timely payments of all amounts due under the Unassigned Agreements and shall provide UPC with written notice regarding the amount and date of each such payment within five (5) business days of the date the payment is made. Without limiting the generality of the foregoing, Mirant shall solely bear any amounts in respect of interest or penalties incurred as a result of the failure of Mirant to remit payment in accordance with the requirements of the Unassigned Agreements. Mirant shall promptly notify UPC of any notice received from, or other action taken by, a Supplier or an owner to declare a default under any Unassigned Agreement.

(c) Commencing on the Effective Date, UPC shall pay directly to Mirant the Entitlement Payment on the fifth (5th) day of each month following the month in which Mirant receives Capacity and Associated Energy from the Suppliers. Any Entitlement Payment due hereunder, but not paid as set forth herein, shall be subject to a late payment charge calculated at the Interest Rate, from the date payment is due until the date payment is made.

ARTICLE 4
CONTRACT ADMINISTRATION

Section 4.1. Operational Matters Relating to the Entitlements.

Subject to the Supplier's agreement to communicate directly with Mirant as agent for UPC, Mirant will make all necessary efforts, and take full responsibility, for communicating with each respective Supplier regarding the dispatch, scheduling of planned outages and any unplanned outages of each Unit under any Unassigned Agreement. Mirant will participate in any administrative committee meetings concerning any such Unit to the extent that Mirant deems necessary and as provided in the pertinent Unassigned Agreement. Mirant's actions associated with the scheduling, dispatch and/or operation of any Unit under any Unassigned Agreement shall be taken consistent with Good Utility Practice. Mirant will make its own arrangements at Mirant's own cost for the transmission and sale of all electricity generated by such Units and required to be purchased under the applicable Unassigned Agreement, and also for any electricity

required to be purchased under an Unassigned Agreement for which there is no specifically identified Unit. Mirant acknowledges that, except as specifically provided herein, UPC has no obligations or responsibility regarding (i) operation of the Units under any Unassigned Agreement; (ii) dispatch or scheduling outages, or return to service, of such Units; (iii) transmission of electricity produced by such Units; or (iv) Mirant's sale of such electricity.

Section 4.2. Contract Administration Services.

(a) Subject to the Supplier's agreement to recognize Mirant as UPC's administrative agent, Mirant shall be fully responsible for, and UPC shall have no responsibility for, any services or matters in connection with the administration of the Unassigned Agreements, including, without limitation, the following:

(i) receiving invoices and verifying the appropriate charges to be paid under the Unassigned Agreements;

(ii) monitoring the Unassigned Agreements; and

(iii) performing contract administration activities as provided for in the applicable Unassigned Agreement (including, without limitation, performing such activities and executing and delivering such documents as may be required in connection with any refinancings, financial restructurings or other similar activities undertaken by any Supplier under or with respect to an Unassigned Agreement).

(b) Mirant shall have the right to direct UPC to request or otherwise exercise all powers granted to UPC under an Unassigned Agreement to receive, review and/or audit information and other documentation to which it is entitled thereunder, or to enforce rights UPC has under any Unassigned Agreement; provided, that Mirant shall be obligated to reimburse UPC for the reasonable costs incurred by it in exercising any such rights or pursuing any such enforcement actions to the extent and in the manner set forth in Section 5.2 of this Exhibit A. At UPC's option, UPC may elect to execute a power of attorney in favor of Mirant to act in the place and stead of UPC with respect to any matter as to which Mirant has requested UPC to take action under this paragraph or under Section 5.2 of this Exhibit A. UPC shall be obligated to comply with any direction provided by Mirant pursuant to this paragraph.

(c) Without the prior written consent of Mirant, UPC shall not under any circumstances take any action or fail to take any action after the Effective Date that would:

(i) bind Mirant;

(ii) affect the Entitlements;

(iii) alter, amend, change or modify or waive any provision under any Unassigned Agreement; or

(iv) settle or agree to the resolution of a dispute under an Unassigned Agreement.

Section 4.3 Appointment as Administrative Agent.

UPC shall provide written notice to each Supplier to designate Mirant as UPC's agent for purposes of performing the activities specified in Sections 4.1 and 4.2 of this Exhibit A and otherwise administering the Unassigned Agreements.

Section 4.4 Material Amendments to Unassigned Agreements.

The prior written consent of each Party, which may be granted or withheld in each such Party's sole discretion, shall be required for any of the following actions under an Unassigned Agreement:

(a) Actions that increase the price charged for or the quantity of Capacity and Associated Energy to be purchased by UPC thereunder;

(b) Term extensions or similar amendments or option exercises; or

(c) Any other matter which such Party reasonably believes will materially increase such Party's financial risks or obligations thereunder or hereunder.

Notwithstanding the foregoing, UPC's consent shall not be required for any agreements between Mirant and a Supplier which do not purport to involve UPC and which do not purport to affect in any way UPC's obligations under an Unassigned Agreement.

Section 4.5 Books and Records.

(a) UPC will permit Mirant and its representatives access during normal business hours and upon reasonable notice, in a manner so as not to interfere with the normal business operations of UPC, to its personnel, books, records and documents associated with the Unassigned Agreements.

(b) Mirant shall have the right to audit UPC's books and records with respect to the Unassigned Agreements and this Agreement, at such times during normal business hours and as often as Mirant may reasonably request. Any amount shown to be due by UPC or Mirant as a result of such audit shall be paid in accordance with the provisions of Section 3.4 of this Exhibit A.

(c) If UPC shall desire to dispose of any records, books or documents that may relate to any Unassigned Agreement during the term of this Agreement or during the three (3) year period after the expiration or termination hereof, UPC shall, prior to such disposition, give to Mirant a reasonable opportunity, at Mirant's expense, to segregate and remove such records, books or documents as Mirant may select.

ARTICLE 5
UPC UNDERTAKINGS

Section 5.1 Provision of Information Regarding Operational Matters.

UPC agrees to use reasonable efforts to require that the Suppliers direct all information, notices, documents or other communications regarding operation, dispatch, scheduling and other matters regarding any Unassigned Agreement and provided to UPC, directly to Mirant or in a manner directed by Mirant. To the extent that UPC receives any such materials relating to the Unassigned Agreements, UPC agrees promptly to advise Mirant of such receipt and thereafter to forward such materials to Mirant at the address set forth in Section 11.2 of the Agreement, or in such other manner as may reasonably be agreed upon by the Parties in writing.

Section 5.2 Enforcement of the Unassigned Agreements.

Upon the request of Mirant, UPC shall make reasonable efforts to enforce the provisions of any Unassigned Agreement, or to otherwise support Mirant in any dispute thereunder, provided, however, that UPC shall be compensated for its reasonable costs associated with such efforts. Such costs shall include, but are not limited to, costs arising from the employment of any counsel, consultants or experts, and the internal costs associated with personnel of UPC who devote time to any such matter; provided that UPC shall consult with Mirant prior to incurring any such costs to provide Mirant an opportunity to select any counsel, consultants or experts and, to the extent possible, obtain an estimate of total expected costs. The costs incurred by UPC to be reimbursed to it by Mirant under this Section shall be payable by Mirant within fifteen (15) days following its receipt of an invoice therefor from UPC.

Section 5.3 Interim Conduct of Business.

(a) Except to the extent Mirant otherwise consents in writing, during the period from the date of this Agreement to the Effective Date, UPC shall (i) conduct its business with respect to the Power Supply Agreements in the ordinary course of business consistent with the past practices of UPC or its Affiliates and with Good Utility Practice, (ii) use all reasonable efforts to preserve intact such agreements, (iii) not consent to the incurrence of any material obligation with respect to any of such agreements, and (iv) endeavor to preserve the goodwill of and relationships with the Suppliers and other owners. Without limiting the generality of the foregoing, without the prior written consent of Mirant, UPC shall not agree to modify, amend or terminate any Power Supply Agreement in any respect.

(b) Between the date hereof and the Effective Date, the Parties shall reasonably cooperate to effect an orderly and efficient transfer of the Assigned Agreements and the Entitlements from UPC to Mirant. In furtherance of the foregoing, UPC shall afford to Mirant access to UPC's books and records relating to the Power Supply Agreements during UPC's normal business hours and on reasonable notice.

APPENDIX 1

ENTITLEMENT PAYMENTS

Period	Months	Payment Amount
Months 1-12	5/03-4/04	$1,240,000
Months 13-36	5/04-4/06	$ 880,000
Months 37-90	5/06-10/10	$ 400,000

No Entitlement Payments will be due following the ninetieth such payment, even if Supplier Payments remain to be made after such ninetieth payment is made.

EXHIBIT B

TRANSITION AND DEFAULT SERVICE SUPPLY

ARTICLE 1. DEFINITIONS

Capitalized terms used and not otherwise defined in this Exhibit B shall have the meanings given such terms either in Exhibit C or elsewhere in this Agreement.

ARTICLE 2. OBLIGATIONS OF UES AND MIRANT

Section 2.1 Obligations of UES

(a) UES shall buy and receive Transition Service Power and Default Service Power from Mirant in accordance with Article 3 of this Exhibit B for the duration of the respective Transition Service Term and Small Customer Default Service Term and Large Customer Default Service Term in accordance with Article 2 of this Exhibit B.

(b) UES shall calculate the amount due on a monthly basis and pay Mirant for Transition Service Power and Default Service Power in accordance with Article 4 of this Exhibit B.

(c) UES shall estimate and report Mirant's Transition Service Load and Mirant's Default Service Load pursuant to this Exhibit B in accordance with Article 5 of this Exhibit B.

(d) UES shall acquire and be responsible for the costs of Local Network Service ("LNS") required for the delivery of Transition Service Power and Default Service Power to the Delivery Points, which provides for transmission and/or distribution over the Non-PTF Facilities as may be required to serve the Default Service Load and Transition Service Load; provided, however, that such costs shall not include losses calculated by NEPOOL or included in NEPOOL Locational Marginal Pricing.

(e) UES shall acquire and be responsible for the costs of Regional Network Service ("RNS") which provides for transmission over the PTF as may be required to serve the Default Service Load and Transition Service Load.

(f) UES shall be responsible for all transmission and distribution arrangements from the Delivery Points to its retail customers.

(g) UES shall be responsible for the distribution and resale to its retail customers of the electricity delivered hereunder and the collection of any payments consequently due from those customers. Failure of UES to fully collect such payments shall not excuse UES from its obligations to pay Mirant for deliveries hereunder.

(h) UES shall be responsible for soliciting a replacement supply contract for Default Service Power for the Small Customer Group whose planned effective date shall be the first May 1 or November 1 that is at least ninety (90) days later than the date when the Small Customer Group Default Service Load first reaches the level of five (5) megawatts; provided, however, that in no event shall a replacement supply contract be procured for an effective date prior to May 1, 2004. UES shall also be responsible for soliciting a replacement supply contract for Default Service Power for the Large Customer Group whose planned effective date shall be the first May 1 or November 1 that is at least ninety (90) days later than the date when the Large Customer Group Default Service Load first reaches the level of five (5) megawatts; provided, however, that in no event shall a replacement supply contract be procured for an effective date prior to May 1, 2004.

(i) UES agrees to provide such data, information and other materials and assistance as Mirant shall reasonably request from time to time to enable Mirant to perform its obligations hereunder, including, without limitation, historical load data, customer characteristics and rate class designations, load shape information, demand data and customer attrition data as may be available from time to time.

(j) To the extent UES is entitled to any auction revenue rights (including, without limitation, qualified upgrade awards) or other congestion related rights (the "Rights") as a result of serving the Default Service Load or Transition Service Load, UES shall promptly inform Mirant and shall offer to transfer or assign such Rights to Mirant. Upon Mirant's request, UES shall take all necessary actions to transfer or assign such Rights to Mirant. Following the Effective Date, Mirant shall be entitled to any revenues associated with the Rights.

(k) UES shall be responsible for Attribute Laws reporting to New Hampshire regulatory agencies and any required reporting to retail customers. UES shall also be responsible for notifying Mirant of any New Hampshire regulatory proceedings with respect to Attribute Laws, promptly following UES becoming aware of such proceedings.

(l) UES shall notify Mirant of any changes to the Default Service Load or the Transition Service Load as often as possible, and no less often than monthly.

(m) To the extent that NEPOOL, ISO-NE or RTO rules require that any of the items listed in this Exhibit B as an obligation of UES be billed directly to Mirant, UES shall compensate Mirant for such expenses.

(n) UES shall comply with all other terms and conditions which are stipulated by this Exhibit B.

Section 2.2 Obligations of Mirant

(a) Mirant shall sell and deliver to the Delivery Points Transition Service Power and Default Service Power in accordance with Article 3 of this Exhibit B for the duration of the respective Transition Service Term and Small Customer Default Service Term and Large Customer Default Service Term in accordance with Article 4 of this Exhibit B.

(b) Mirant shall be the supplier of Transition Service Power and Default Service Power and shall be responsible for all present and future requirements and associated costs imposed, allocated or charged by NEPOOL, ISO-NE or any RTO (and associated market rules) with respect to Transition Service Power and Default Service Power being provided on a wholesale basis by Mirant to UES hereunder. These requirements and costs may include, but are not limited to, installed capability, energy, scheduling and regulation. Notwithstanding the foregoing, Mirant shall not be responsible for any costs or charges associated with LNS or RNS required to supply Transition Service Power and Default Service Power.

(c) Mirant shall be responsible for all costs and losses associated with delivery of Transition Service Power and Default Service Power to the Delivery Points, including losses calculated by NEPOOL or included in NEPOOL Locational Marginal Pricing, excepting only the costs of LNS and RNS as specified in Sections 2.1(d) and (e) of this Exhibit B.

(d) To the extent that NEPOOL, ISO-NE or RTO rules require that any of the items listed in this Exhibit B as an obligation of Mirant be billed directly to UES, Mirant shall compensate UES for such expenses.

(e) UPC acknowledges and agrees that Mirant shall not be responsible for reductions in Transition Service Load or Default Service Load as a result of problems or limitations on the NEPOOL transmission system which prevent or impair delivery of electricity to the Delivery Points.

(f) Mirant shall be responsible for transferring data required by any Attribute Laws to the UES NEPOOL Generator Information System account. To the extent the Attribute Laws require UES to have attributes associated with Transition Service Load and Default Service Load, Mirant shall be responsible for the cost to acquire such attributes and shall transfer such required attributes to the UES Generator Information System account.

(g) Mirant shall comply with all other terms and conditions of this Exhibit B.

ARTICLE 3. SALE AND PURCHASE; LOAD GROWTH

(a) Mirant shall sell and deliver to the Delivery Points, in accordance with Section 5.1 of this Exhibit B, and UES shall purchase and receive, Transition Service Power during the Transition Service Term and Default Service Power during the Small Customer Default Service Term and Large Customer Default Service Term. The price for such sale and purchase shall be as set forth in Section 4.1 of this Exhibit B. The quantities of Transition Service Power and Default Service Power shall be determined on the basis of Section 5.3 of this Exhibit B.

(b) Mirant shall be obligated to supply Default Service Power and Transition Service Power as required by the Default Service Load and Transition Service Load at all times during the Small Customer Default Service Term and Large Customer Default Service Term and the Transition Service Term. In other words, Mirant shall supply Default Service Power and Transition Service Power to follow the changes in the demand of the Default Service Load and Transition Service Load.

If during any hour the amount of the Actual Power Demand (as defined below) of either customer group exceeds the applicable Excess Power Trigger, such amount shall constitute Excess Power and shall be charged to UES at a price equal to the price determined in accordance with Article 4 of this Exhibit B that would otherwise be chargeable pursuant to this Agreement, plus or minus an amount determined (on a kWh basis) in accordance with the following formula: the energy clearing price of ISO-NE at the New Hampshire Load Zone for that hour plus $.005 per kWh, less the price that would otherwise be applicable as set forth in Article 4 of this Exhibit B. Any positive difference shall be charged to UES, and any negative difference shall be credited to UES.

Base Peak Demand for each customer group for each Contract Period shall be equal to the actual peak demand experienced by UES for such customer group in calendar year 2002 multiplied by 103%, compounded annually, for each Contract Period. The Excess Power Trigger for each customer group for each Contract Period shall equal 105% of the Base Peak Demand in each such Contract Period. Appendix B to this Exhibit B sets forth the applicable levels of Base Peak Demand and Excess Power Triggers. For purposes of this Section 3(b), Actual Power Demand for each customer group shall mean the sum of the reported hourly loads for both the Default Service Load and the Transition Service Load.

In the event NEPOOL implements nodal pricing for load during the term of this Agreement, the Actual Power Demand for each Customer Group will be calculated as the sum of the Transition Service Loads and Default Service Loads at each reported node. The Excess Power Price will be calculated as the weighted average price at each of the reported nodes.

ARTICLE 4. PRICE AND BILLING

Section 4.1 Price

(a) For each kilowatt-hour of Transition Service Power for the Small Customer Group that Mirant delivers to the Delivery Points in a Contract Period, as determined in accordance with Section 5.3 of this Exhibit B, UES shall pay Mirant a price, in cents per kilowatt-hour, equal to the following amounts for the applicable Contract Period:

Contract Period	Cents per kWh
1	4.761 cents
2	4.916 cents
3	5.227 cents

(b) For each kilowatt-hour of Default Service Power for the Small Customer Group that Mirant delivers to the Delivery Points in a Contract Period, as determined in accordance with Section 5.3 of this Exhibit B, UES shall pay Mirant a price, in cents per kilowatt-hour, equal to the following amounts for the applicable Contract Period:

Contract Period	Cents per kWh
1	4.761 cents
2	4.916 cents
3	5.227 cents

(c) For each kilowatt-hour of Transition Service Power for the Large Customer Group that Mirant delivers to the Delivery Points in a Contract Period, as determined in accordance with Section 5.3 of this Exhibit B, UES shall pay Mirant a price, in cents per kilowatt-hour, equal to the following amounts for the applicable Contract Period:

Contract Period	Cents per kWh
1	4.991 cents
2	5.154 cents

(d) For each kilowatt-hour of Default Service Power for the Large Customer Group that Mirant delivers to the Delivery Points in a Contract Period, as determined in accordance with Section 5.3 of this Exhibit B, UES shall pay Mirant a price, in cents per kilowatt-hour, equal to the following amounts for the applicable Contract Period; provided, that during the months of June, July and August of each Contract Period, the following amounts shall be increased by 1.5 cents:

Contract Period	Cents per kWh
1	4.991 cents
2	5.154 cents

Section 4.2 Payment

(a) On or before the tenth (10th) day following the end of each month in which Mirant provides UES with Transition Service Power and Default Service Power pursuant to this Exhibit B, UES shall calculate the preliminary amount due and payable to Mirant pursuant to this Article 4 with respect to the preceding month. The calculation shall be provided to Mirant. The preliminary amount payable shall be calculated as the sum of (i) the product of the applicable prices specified in Sections 4.1(a) and (c) of this Exhibit B, for the applicable Contract Period, and the preliminary quantities of Transition Service Power for the Small Customer Group and Large Customer Group, respectively, delivered by Mirant to the Delivery Points in the month, as determined in accordance with Section 5.3(c) of this Exhibit B, plus (ii) the product of the applicable prices specified in Sections 4.1(b) and (d) of this Exhibit B, for the applicable Contract Period, and the preliminary quantities of Default Service Power for the Small Customer Group and Large Customer Group, respectively, delivered by Mirant to the Delivery Points in the month, as determined in accordance with Section 5.3(c) of this Exhibit B.

(b) UES shall pay Mirant any preliminary amounts due and payable on or before the twentieth (20th) day of the month (or on the next business day if the 20th day of the month falls on a holiday or a weekend) in which a calculation is made pursuant to Section 4.2(a) of this Exhibit B. If all or any part of any preliminary amount due and payable pursuant to Section 4.2(a) of this Exhibit B shall remain unpaid thereafter, interest shall thereafter accrue at the Interest Rate and be payable to Mirant on such unpaid amount from the due date to the date of payment. Any disputed invoiced amounts, except amounts which are manifestly inaccurate or are not reasonably supported by documentation, shall be paid in full on the applicable payment due date, subject to later return together with interest accrued at the Interest Rate until the date paid. With respect to any error in a calculation (whether the amount is paid or not) or payment, any overpayment or underpayment shall be refunded or paid up, as appropriate.

(c) Preliminary payment amounts calculated pursuant to Section 4.2(a) of this Exhibit B shall be subject to positive or negative reconciliation adjustments in subsequent months in order to reflect the revised quantities determined in accordance with Section 5.3(d) of this Exhibit B. The reconciliation adjustment applicable to a given month shall be calculated as the difference between (i) the final payment amount for that month, computed according to the formula in Section 4.2(a) of this Exhibit B, but substituting the revised quantities determined under Section 5.3(d)of this Exhibit B for the preliminary quantities determined under Section 5.3(c) of this Exhibit B, and (ii) the preliminary payment amount previously computed for that month. UES shall apply any reconciliation adjustment to Mirant's account no later

than the last day of the third month following the billing month, without interest.

Section 4.3 Taxes, Fees and Levies; Sales for Resale

(a) Mirant shall be obligated to pay all present and future taxes, fees and levies that may be assessed upon Mirant by any entity upon the sale of Transition Service Power and Default Service Power to UES or any component thereof. To the extent such taxes, fees, and levies are allowed to be, and are actually, recovered by UES from its customers, UES shall reimburse Mirant for such taxes, fees and levies paid by Mirant.

(b) All electricity delivered by Mirant to UES hereunder shall be sales for resale, with UES reselling such deliveries. UES shall obtain and provide Mirant with any certificates reasonably requested by Mirant to evidence that the deliveries hereunder are sales for resale.

ARTICLE 5. DELIVERY, LOSSES, AND DETERMINATION OF LOADS

Section 5.1 Delivery

All electricity shall be delivered by Mirant to UES at the Delivery Points. Title shall pass to UES at the Delivery Points and Mirant shall not incur any expense or risk beyond the Delivery Points.

Section 5.2 Losses

Hourly losses to the Delivery Points, between the Delivery Points and the corresponding metering points (as indicated in Appendix A to this Exhibit B), if different, and between such metering points and UES's retail distribution meters shall be determined in accordance with NEPOOL's and UES's approved procedures for loss determination.

Section 5.3 Determination and Reporting of Loads

(a) UES shall estimate Mirant's Transition Service Load and Mirant's Default Service Load at the Delivery Points for each hour based upon UES's actual total hourly load, typical load profiles developed for each customer rate class, actual metered data as available, NEPOOL's and UES's approved procedures for loss determination as adjusted to include distribution and non-PTF losses (the "Estimation Process").

(b) UES shall report the hourly load estimates determined using the Estimation Process to ISO-NE and Mirant. UES shall use commercially reasonable efforts to report all such hourly load estimates by 1300 hours of the second following business day, or at such other time as may be required by ISO-NE or applicable

NEPOOL Market Rules and Procedures. The reporting format to Mirant for such estimates shall be the same as the reporting format to ISO-NE.

(c) At the end of each month, UES shall sum for all hours of the month the hourly load estimates for Mirant's Transition Service Load and for Mirant' Default Service Load determined by the Estimation Process. For purposes of Section 4.2(a) and Section 4.2(b) of this Exhibit B, these sums shall be deemed to be the preliminary quantities of Transition Service Power and Default Service Power, respectively, delivered by Mirant to the Delivery Points in the month.

(d) To refine the preliminary estimates of Transition Service Load and Default Service Load developed using the Estimation Process, a monthly calculation shall be performed to reconcile the estimates to actual metered customer usage. The revised load estimates resulting from this reconciliation shall be reported to ISO-NE and Mirant as required to adjust Mirant's settlement obligations to NEPOOL. UES shall also sum for all hours of the month the revised hourly load estimates for Mirant's Transition Service Load and Mirant's Default Service Load. For purposes of Section 4.2(c) of this Exhibit B, these monthly sums shall be deemed to be the final quantities of Transition Service Power and Default Service Power, respectively, delivered by Mirant to the Delivery Points in the month.

ARTICLE 6. FORCE MAJEURE

Section 6.1 Force Majeure Standard

The Parties shall be excused from performing their respective obligations under this Exhibit B (but not under any other provision of this Agreement) and shall not be liable in damages or otherwise, if and only to the extent that they are unable to so perform or are prevented from performing by an event of force majeure.

Section 6.2 Force Majeure Definition

An event of force majeure means an event or circumstance that prevents or unduly frustrates the performance by a Party of its obligations under this Exhibit B which is not within the reasonable control of, or the result of the negligence of, the claiming Party and which by the exercise of due diligence the claiming Party is unable to overcome or avoid ("Force Majeure"). Force Majeure includes, without limitation, hurricanes, tornadoes, flood, lightning, drought, earthquake, fire, explosion, terrorist attack, civil disturbance, strikes, acts of God, acts of the public enemy, orders, directives, restraints and requirements of the government and governmental agencies, either federal, state or local, civil or military, an emergency condition declared by ISO-NE or any RTO, or any other cause beyond a Party's control. Force Majeure shall not include (i) events affecting the availability or cost of operating any generating facility, (ii) changes in market conditions which cause the price of energy or capacity to fluctuate including, without limitation, weather, fuel prices and supply and demand, or (iii) the inability of Mirant to make a profit or avoid a loss in performing its obligations under this Exhibit B.

Section 6.3 Obligation to Diligently Cure Force Majeure

If any Party shall rely on the occurrence of an event or condition described in Section 6.2 of this Exhibit B as a basis for being excused from performance of its obligations under this Exhibit B, then the Party relying on the event or condition shall:

(i) Provide written notice to the other Party promptly but in no event later than five (5) days of the occurrence of the event or condition giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder;

(ii) Exercise all reasonable efforts to continue to perform its obligations hereunder;

(iii) Expeditiously take reasonable action to correct or cure the event or condition excusing performance, provided that settlement of strikes or other labor disputes shall be completely with the sole discretion of the Party affected by such strike or labor disputes;

(iv) Exercise all reasonable efforts to mitigate or limit damages to the other Party to the extent such action shall not adversely affect its own interests; and

(v) Provide prompt notice to the other Party of the cessation of the event or condition giving rise to its excuse from performance.

ARTICLE 7. REGULATION

Section 7.1 Laws and Regulations

The prices for service specified in Section 4.1 of this Exhibit B shall remain in effect for the term of the Agreement, and shall not be subject to change through application to the FERC pursuant to the provisions of Section 205 or Section 206 of the Federal Power Act. Absent the agreement of the Parties to any proposed change to this Exhibit B, the standard of review for any proposed changes to this Exhibit B by a Party, a non-party or the FERC acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. (1956) (the "Mobile-Sierra" doctrine).

Section 7.2 NEPOOL Requirements

Implementation and performance of the Parties' obligations under this Exhibit B must comply with all NEPOOL Market Rules and Operating Procedures and FERC rules and regulations (collectively "Rules"). If, during the term of this Agreement, (i) the NEPOOL Agreement is terminated or amended in a manner that would eliminate or

materially alter a Rule affecting a right or obligation of a Party hereunder, (ii) a Rule is eliminated or materially altered by NEPOOL, ISO-NE, an RTO or other regulatory or administrative entity having jurisdiction over or responsibility for the Rule or Rules, or (iii) FERC implements new market rules including, without limitation, rules issued pursuant to its Standard Market Design rulemaking in FERC Docket No. RM01-12-000, the Parties agree to negotiate in good faith in an attempt to amend this Exhibit B to incorporate a Replacement Rule ("Replacement Rule"). The intent of the Parties is that any such Replacement Rule reflect, as closely as possible, the intent of this Exhibit B and the intent and substance of the Rule being replaced as such Rule was in effect prior to such termination or amendment of the NEPOOL Agreement or elimination, alteration, or addition of a Rule. If the Parties are unable to reach agreement on such an amendment, the Parties agree to submit the matter to arbitration under the terms of Article 11 of this Agreement.

Section 7.3 Changes to UES's Tariff

UES shall provide Mirant prior written notice of any proposed change to its Tariff for Electric Service or any other of tariff related to UES on file with the NHPUC.

APPENDIX A
DELIVERY POINTS

Delivery Point	Nominal Delivery Voltage	Metering Point	Nominal Metering Voltage
Garvins	3(phi), 4 wire, 19.9/34.5 kV	At Delivery Point	3(phi), 4 wire, 19.9/34.5 kV
Concord Steam (1)	3(phi), 4 wire, 7.9/13.8 kV	At Connection Point	3(phi), 4 wire, 7.9/13.8 kV
New Hampshire Hydro			
Lower Penacook Falls (1)	3(phi), 4 wire, 19.9/34.5 kV	At Connection Point	3(phi), 4 wire, 19.9/34.5 kV
Upper Penacook Falls (1)	3(phi), 4 wire, 19.9/34.5 kV	At Connection Point	3(phi), 4 wire, 19.9/34.5 kV
Briar Hydro (1)	3(phi), 4 wire, 19.9/34.5 kV	At Connection Point	3(phi), 4 wire, 19.9/34.5 kV
SES Concord Company L.P. (1)	3(phi), 4 wire, 19.9/34.5 kV	At Connection Point	3(phi), 4 wire, 19.9/34.5 kV
Hollis (Plains)	3(phi), 4 wire, 19.9/34.5 kV	At Delivery Point	3(phi), 4 wire, 19.9/34.5 kV
Penacook	3(phi), 4 wire, 19.9/34.5 kV	At Delivery Point	3(phi), 4 wire, 19.9/34.5 kV
Danville	3(phi), 4 wire, 19.9/34.5 kV	At Delivery Point	3(phi), 4 wire, 19.9/34.5 kV
Guinea Road	3(phi), 4 wire, 19.9/34.5 kV	At Delivery Point	3(phi), 4 wire, 19.9/34.5 kV
Kingston	3(phi), 4 wire, 19.9/34.5 kV	At Delivery Point	3(phi), 4 wire, 19.9/34.5 kV
Timber Swamp	3(phi), 4 wire, 19.9/34.5 kV	At Delivery Point	3(phi), 4 wire, 19.9/34.5 kV

(1) PSNH small power producer purchase delivery points.

NOTE: Delivery Points may be added or eliminated from time to time. A 34.5 kV Delivery Point is expected to be added in Stratham, NH in 2003.

APPENDIX B
EXCESS POWER CALCULATION

	Base Peak Demand		Excess Demand Trigger	
	3.0%		5.0%	
	Large Customer Group	Small Customer Group	Large Customer Croup	Small Customer Group
2002	72.3	191.4		
2003	74.5	197.1	78.2	207.0
2004	76.7	203.0	80.5	213.2
2005		209.1		219.6

EXHIBIT C

DEFINITIONS

Where capitalized terms used in this Agreement are defined in the NEPOOL Agreement and are not otherwise defined herein, such definitions are expressly incorporated into this Agreement by reference.

"Affiliate" of a Party shall mean any corporation, partnership, limited liability company or business trust (i) 25% or more of the equity securities of which are owned, directly or indirectly, by such Party, (ii) which owns, directly or indirectly, 25% or more of the equity securities of such Party, or (iii) 25% or more of the equity securities of which are owned, directly or indirectly, by any other corporation, partnership, limited liability company or business trust which is an Affiliate of such Party pursuant to the foregoing clauses (i) or (ii).

"Amended System Agreement" means UPC's rate schedule known as the Amended Unitil System Agreement, Supplement No. 2 to Rate Schedule FERC No. 1. The Amended System Agreement is a reconciling cost-of-service rate schedule under which UPC collects contract release payments and other payments due from UES.

"Assigned Agreements" means the contracts listed in Exhibit G, Section 1 of this Agreement and Unassigned Agreements which become Assigned Agreements pursuant to Section 2.5 of Exhibit A of this Agreement.

"Attribute Laws" shall mean feature and disclosure requirements of power supply sourcing applied to retail loads, as mandated by New Hampshire's electricity restructuring laws. These requirements may relate to characteristics including, but not limited to, emissions, fuel sources or labor characteristics.

"Capacity and Associated Energy" means the kilowatts of electricity to be available, and the associated electric energy and ancillary services produced, pursuant to the terms of each Unassigned Agreement, and shall be deemed to include all benefits associated therewith, including any generation attributes (such as those that may pertain to NEPOOL's Generation Information System and all rights or entitlements with respect thereto assigned by NEPOOL, the Northeast Power Coordinating Council, the North American Electric Reliability Council, ISO-New England, Inc. or the successor of any of them, and any allowances, air emission credits and similar authorizations or rights associated with the Units; provided, that UPC shall receive the sole benefit of (and retain the liability for) any billing adjustments with respect to periods occurring prior to the Effective Date and any payments to the extent related to Excluded Liabilities.

"Commencement Date of Service" shall mean 12:01 a.m. on May 1, 2003.

"Contract Period" shall mean Contract Period 1, Contract Period 2 or Contract Period 3, as required by context.

"Contract Period 1" shall mean the period commencing on the Commencement Date of Service and ending April 30, 2004.

"Contract Period 2" shall mean the period commencing May 1, 2004 and ending April 30, 2005.

"Contract Period 3" shall mean the period commencing May 1, 2005 and ending April 30, 2006.

"Default Service" shall have the meaning as defined in UES's Tariff for Electric Service in the State of New Hampshire as amended from time to time.

"Default Service Load" shall mean the total quantities of electric energy consumed by UES's Default Service customers in the Small Customer Group and Large Customer Group as those quantities vary over time (minute by minute, hour by hour and day by day), adjusted upward to include the associated losses from the Delivery Points to the points of end-use. Load variations encompassed in this requirement include changes in customer demand for any reason, including, but not limited to, seasonal factors, daily load fluctuations, retail competition, increased usage, demand side management activities, extremes in weather, etc., but shall not include changes in customer demand resulting from a material expansion of the Buyer's franchise service territory from that in existence on the date of this Agreement. The units of load may be kilowatts, kilowatt-hours or any combination or multiple thereof, as required by context.

"Default Service Power" shall mean the generation and delivery to the Delivery Points of the quantities of electric energy, capacity and ancillary services required by UES to meet Mirant's Default Service Load as that load varies over time (minute by minute, hour by hour and day by day).

"Delivery Points" shall mean the points of interconnection between Public Service Company of New Hampshire and UES, as specified in Appendix A to Exhibit B to this Agreement.

"Effective Date" shall mean May 1, 2003.

"Entitlement(s)" means UPC's right to receive the Capacity and Associated Energy under the Unassigned Agreements during the respective terms thereof, together with all rights of UPC thereunder relating to Capacity and Associated Energy, including any right UPC may have to dispatch the applicable Units under any of the Unassigned Agreements.

"Entitlement Payment" shall have the meaning set forth in Section 3.2 of Exhibit A.

"Excluded Liabilities" shall have the meaning given such term in Section 3.3 of Exhibit A.

"Event of Default" with respect to Mirant, on the one hand, or UES and/or UPC on the other shall have the meaning set forth in Sections 8.1 and 8.2, respectively, of this Agreement.

"FERC" means the Federal Energy Regulatory Commission or such successor federal regulatory agency as may have jurisdiction over this Agreement.

"Good Utility Practice" means any of the applicable practices, methods and acts (i) required by NEPOOL, the Northeast Power Coordinating Council, the North American Electric Reliability Council, ISO New England, Inc. or the successor of any of them; (ii) required by the policies and standards of state regulatory authorities having jurisdiction relating to emergency operations or otherwise required by applicable law; or (iii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period; which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Good Utility Practice is intended to be acceptable practices, methods or acts generally accepted and lawful in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

"Guarantor" means Mirant Corporation, a Delaware corporation.

"Guaranty" means the Guaranty Agreement substantially in the form of Exhibit D to this Agreement.

"Interest Rate" shall mean a per annum rate of interest equal to the Prime Rate plus two (2) percentage points (2%); provided, the Interest Rate shall never exceed the maximum rate permitted by law.

"ISO-NE" shall mean the ISO New England, Inc. and any successor entity.

"kWh" shall mean kilowatt-hour.

"Large Customer Default Service Term" shall begin on the Commencement Date of Service and extend through April 30, 2004 and for such further period, if any, until the date a replacement supply contract for Default Service Power becomes effective in accordance with the provisions of Section 2.1(h) of Exhibit B to this Agreement or April 30, 2005, whichever comes first.

"Large Customer Group" shall mean all of UES's retail electric distribution service customers taking electric service under UES's G-1 Rate Class, as defined in UES's Tariff for Electric Service in the State of New Hampshire.

"NEPOOL" means the New England Power Pool or its successor.

"NEPOOL Agreement" shall mean the New England Power Pool Agreement dated as of September 1, 1971, as amended or restated from time to time.

"NEPOOL Open Access Transmission Tariff" shall mean the NEPOOL Open Access Transmission Tariff, as restated or amended from time to time.

"Net Worth" of an entity means the consolidated total assets less consolidated total liabilities of such entity as reflected on a balance sheet prepared in accordance with generally accepted accounting principles consistently applied.

"NHPUC" means the New Hampshire Public Utilities Commission.

"Non-PTF Facilities" shall mean the transmission and distribution facilities of Public Service Company of New Hampshire, or its successor, that are not categorized as PTF.

"Power Supply Agreement(s)" means the power supply agreements listed in Exhibit G to this Agreement.

"Prime Rate" shall mean a rate which shall be fixed on a quarterly basis based upon the rate most recently reported in The Wall Street Journal under the heading "Money Rates" on or after the first business day of the calendar quarter as the "prime rate". If more than one rate is reported therein, the average of the reported rates shall be used.

"PTF" shall mean facilities categorized as Pool Transmission Facilities under the NEPOOL Agreement.

"RTO" shall mean any regional transmission organization or other entity established, and approved by the FERC, with authority over transmission services, facilities or tariffs covering at least the New England control area.

"Small Customer Default Service Term" shall begin on the Commencement Date of Service and extend through April 30, 2004 and for such further period, if any, until the date a replacement supply contract for Default Service Power becomes effective in accordance with the provisions of Section 2.1(h) of Exhibit B to this Agreement or April 30, 2006, whichever comes first.

"Small Customer Group" shall mean all of UES's retail electric distribution service customers except customers taking service under UES's G-1 Rate Class, as defined in UES's Tariff for Electric Service in the State of New Hampshire.

"Supplier" means the party (or parties) with whom UPC has contracted for the purchase and sale of Capacity and Associated Energy under a Power Supply Agreement.

"Supplier Payment" shall have the meaning set forth in Section 3.1 of Exhibit A to this Agreement.

"Transition Service" shall have the meaning as defined in UES's Tariff for Electric Service in the State of New Hampshire as amended from time to time.

"Transition Service Load" shall mean the total quantities of electric energy consumed by UES's Transition Service customers in the Small Customer Group and Large Customer Group as those quantities vary over time (minute by minute, hour by hour and day by day), adjusted upward to include the associated losses from the Delivery Points to the points of end-use. Load variations encompassed in this requirement include changes in customer demand for any reason, including, but not limited to, seasonal factors, daily load fluctuations, retail competition, increased usage, demand side management activities, extremes in weather, etc., but shall not include changes in customer demand resulting from a material expansion of the Buyer's franchise service territory from that in existence on the date of this Agreement. The units of load may be kilowatts, kilowatt-hours or any combination or multiple thereof, as required by context.

"Transition Service Power" shall mean the generation and delivery to the Delivery Points of the quantities of electric energy, capacity and ancillary services required by UES to meet Mirant's Transition Service Load as that load varies over time (minute by minute, hour by hour and day by day).

"Transition Service Term" shall begin on the Commencement Date of Service and extend through April 30, 2005 for the Large Customer Group and through April 30, 2006 for the Small Customer Group.

"Unassigned Agreements" means those Power Supply Agreements listed in Exhibit G, Section 2 to this Agreement.

"Unit" means a generating unit specifically identified in a Power Supply Agreement as the source of the Capacity and Associated Energy provided pursuant to the terms of that Power Supply Agreement.

EXHIBIT D

GUARANTY

This Guaranty (this "Guaranty"), dated as of _____, 2003, is given by Mirant Corporation, a Delaware corporation ("Guarantor"), in favor of Unitil Power Corp. and Unitil Energy Systems, Inc. (collectively referred to herein as the "Company").

RECITALS

WHEREAS, Mirant Americas Energy Marketing, LP, a Delaware limited partnership corporation and a wholly-owned subsidiary of Guarantor ("Buyer"), has entered into the Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement dated as of February 25, 2003, with the Company (the "Agreement"), pursuant to which Buyer has agreed to purchase and the Company has agreed to sell certain entitlements with respect to Capacity and Associated Energy, and the Buyer has agreed to sell and the Company has agreed to purchase certain wholesale power supplies, as more particularly set forth therein; and

WHEREAS, subject to the limitations set forth herein, Guarantor has agreed to guarantee the obligations of Buyer under the Agreement; and

WHEREAS, the Company will rely on this Guaranty in performing its obligations under the Agreement; and

WHEREAS, Guarantor will benefit from the transactions contemplated by the Agreement.

NOW, THEREFORE, Guarantor agrees as follows:

I. Definitions. Capitalized terms used herein shall have the meanings assigned to them herein or, if not defined herein, then such terms shall have the meanings assigned to them in the Agreement.

II. Guaranty.

(a) Subject to the provisions hereof, Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Company, as primary obligor and not merely as a surety, the full and prompt payment when due of all obligations of Buyer under the Agreement (all of such obligations collectively, the "Guaranteed Obligations"). To the extent that the Buyer shall fail to pay any Guaranteed Obligations, Guarantor shall promptly pay to the Company the amount due. This Guaranty shall constitute a guaranty of payment and not of collection.

(b) The aggregate amount covered by this Guaranty in respect of the Agreement shall not exceed Twenty Million U.S. Dollars ($ 20,000,000).

III. Guaranty Absolute. The liability of Guarantor under this Guaranty shall be unaffected by:

A. any lack of validity of the Agreement which is caused by an act or failure to act of Buyer or Guarantor;

B. the occurrence or continuance of any event of bankruptcy, reorganization or insolvency with respect to Buyer or any other Person (for purposes hereof, "Person" shall include any natural person, corporation, partnership, firm, association, governmental authority or any other entity whether acting in an individual, fiduciary or other capacity), or the dissolution, liquidation or winding up of Buyer or any other Person;

C. any amendment, supplement, reformation or other modification of the Agreement;

D. the exercise, non-exercise or delay in exercising, by the Company or any other Person of any of their rights and remedies under this Guaranty or the Agreement;

E. any permitted assignment or other transfer of this Guaranty by the Company, or any permitted assignment or other transfer of the Agreement in whole or in part;

F. any change in control of the Company;

G. any sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in Buyer; or

H. the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses.

IV. Waiver. In addition to waiving any defenses to which clauses (a) through (g) of Section III may refer:

A. Guarantor waives, and agrees that it shall not at any time insist upon, plead or in any manner whatever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshalling of assets or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance by Guarantor of its obligations under, or the enforcement by the Company of, this Guaranty.

B. Except as provided in Section VII below, Guarantor waives all notices, diligence, presentment and demand (whether for nonpayment or protest or of acceptance, maturity, extension of time, change in nature or form of the Guaranteed Obligations, acceptance of security, release of security, composition or agreement arrived at as to the amount of, or the terms of, the Guaranteed Obligations, notice of adverse change in Buyer's financial condition, or any other fact which might materially increase the risk to Guarantor hereunder) with respect to the Guaranteed Obligations which are not specifically provided for in the Agreement, and any other demands whatsoever which are not specifically provided for in the Agreement.

C. Until payment and satisfaction in full of all Guaranteed Obligations, Guarantor irrevocably waives any right it may have to bring a case or proceeding against Buyer by reason of its performance under this Guaranty or with respect to any other obligation of Buyer to Guarantor, under any state or federal bankruptcy, insolvency, reorganization, moratorium or similar laws for the relief of debtors.

V. Representations and Warranties. Guarantor represents and warrants as follows:

A. Due Organization. Guarantor is a corporation duly organized and validly existing under the laws of state of Delaware.

B. Power and Authority. Guarantor has full corporate power, authority and legal right to enter into this Guaranty and to perform its obligations hereunder.

C. Due Authorization. This Guaranty has been duly authorized, executed and delivered by Guarantor.

D. Enforceability. This Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

E. No Conflicts. The execution and delivery by Guarantor of this Guaranty and the performance by Guarantor of its obligations hereunder will not (i) violate the provisions of Guarantor's constituent documents; (ii) violate the provisions of any law applicable to Guarantor or the transactions contemplated hereby; or (iii) result in a breach of or constitute a default under any material agreement to which Guarantor is a party or by which it or its assets or property are bound which breach or default would have a material adverse effect on Guarantor's ability to perform its obligations hereunder.

F. No Proceedings. There is no action, suit or proceeding at law or in equity or by or before any governmental authority or arbitral tribunal now pending or, to the best knowledge of Guarantor, threatened against Guarantor which reasonably could be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

VI. Setoffs and Counterclaims. Without limiting Guarantor's own defenses and rights hereunder, and except as otherwise provided in Article III hereof, Guarantor reserves to itself all rights, set-offs, counterclaims and other defenses to which Buyer is or may be entitled to arising from or out of the Agreement or otherwise.

VII. Demands and Notice. If Buyer fails or refuses to pay any Guaranteed Obligations when due, Company shall make a demand upon Guarantor (hereinafter referred to as a "Payment Demand"). A Payment Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Buyer has failed to pay and an explanation of why such payment is due, with a specific statement that Company is

calling upon Guarantor to pay under this Guaranty. A Payment Demand satisfying the foregoing requirements shall be deemed sufficient notice to Guarantor that it must pay the Guaranteed Obligations.

VIII. Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in full force and effect until all Guaranteed Obligations have been performed or paid in full.

IX. Independent and Separate Obligations. The obligations of Guarantor hereunder are independent of the obligations of Buyer with respect to all or any part of the Guaranteed Obligations and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not any other such obligations exist, whether or not Guarantor is the alter ego of Buyer and whether or not Buyer is joined therein or a separate action or actions are brought against Buyer.

X. Repayment and Reinstatement. If any claim is ever made upon the Company or any Person claiming through the Company for repayment or disgorgement of any amount or amounts received by the Company in payment of the Guaranteed Obligations and the Company or such Person, as the case may be, repays or disgorges all or any part of said amount, then, notwithstanding any revocation or termination of this Guaranty, Guarantor shall be and remain liable to the Company or such Person, as the case may be, for the amount so repaid, to the same extent as if such amount had never originally been received by the Company or such Person, as the case may be.

XI. Amendments; Waivers; Etc. Neither this instrument nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Company and Guarantor. No delay or failure by the Company to exercise any remedy against Buyer or Guarantor will be construed as a waiver of that right or remedy. No failure on the part of the Company to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by any applicable law.

XII. Severability. In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other instrument evidencing or securing the Guaranteed Obligations, the terms of this Guaranty shall remain fully valid and effective. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective.

XIII. Assignment.

(a) Assignability. Guarantor shall not have the right to assign any of Guarantor's rights or obligations under this Guaranty. The Company may, at any time and from time to time, upon written notice to Guarantor, assign, in whole or in part, the rights of the Company hereunder to any Person to whom the Company has assigned its rights or obligations under, and in accordance with the terms of the Agreement, whereupon such assignee shall succeed to all rights of the Company hereunder.

(b) Successors and Assigns. Subject to Section XIII(a) hereof, all of the terms of this instrument shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

XIV. Address for Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Agreement and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

XV. JURISDICTION.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE OF NEW HAMPSHIRE IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDINGS BY THE MAILING OF COPIES OF SUCH PROCESS TO GUARANTOR AT ITS ADDRESS SPECIFIED BELOW THE SPACE FOR ITS EXECUTION OF THIS GUARANTY. GUARANTOR AGREES THAT A FINAL, NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

XVI. GOVERNING LAW. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCEPT THE CHOICE OF LAW RULES.

XVII. Entire Agreement. This Guaranty contains the complete agreement of Guarantor with respect to the matters contained herein and supersedes all other negotiations or agreements, whether written or oral, with respect to the subject matter hereof.

XVIII. Release. At any time after this Guaranty has been paid and performed in full, the transactions under the Agreement have been performed in full, or this Guaranty otherwise is subject to release in accordance with the terms of the Agreement, if requested by Guarantor, the Company shall return this Guaranty to Guarantor and execute and deliver to Guarantor such release and other documents and take such other reasonable action as Guarantor requests to evidence such satisfaction.

XIX. Limitation of Liability. No shareholder of Guarantor shall be held to any liability whatever for the payment of any sum of money, or for damages or otherwise under any contract, obligation or undertaking made, entered into or issued by the Trustees of Guarantor or by any officer, agent or representative elected or appointed by the Trustees and no such contract, obligation or undertaking shall be enforceable against the Trustees or any of them in their or his or her own individual capacities or capacity and all such contracts, obligations and undertakings shall be enforceable only against the Trustees as

such, and every person, firm, association, trust and corporation having any claim or demand arising out of any such contract, obligation or undertaking shall look only to the trust estate for the payment of satisfaction thereof.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty under seal effective as of the date first above written.

MIRANT CORPORATION

By:
Name:
Title:

Address:

Attn:
Telephone:
Facsimile:

ACCEPTED AND AGREED:

UNITIL POWER CORP.

By:
Name:
Title:
Address:

Attn:
Telephone:
Facsimile:

UNITIL ENERGY SYSTEMS, INC.

By:
Name:
Title:
Address:

Attn:
Telephone:
Facsimile:

EXHIBIT E

GOVERNMENTAL APPROVALS

New Hampshire Public Utilities Commission

1 Re Concord Electric Company and Exeter & Hampton Electric Company, Notice of Intent to File Rate Schedules and Proposal to Restructure, Docket DE 01-247, Order Approving Phase I Settlement Agreement (New Hampshire Public Utilities Commission Order No. 24,046, Aug. 28, 2002)

2 Re Concord Electric Company and Exeter & Hampton Electric Company, Notice of Intent to file Rate Schedules and Proposal to Restructure, Docket DE 01-247, Order Approving Phase II Settlement Agreement; Amendment to Phase I Settlement Agreement; and, Denying Motion for Rehearing of Order No. 24,046 (New Hampshire Public Utilities Commission Order No. 24,072, Oct. 25, 2002)

3 Re Unitil Energy Systems, Inc. and Unitil Power Corp., Proposal to Restructure the Unitil Companies, Order Approving Certain Requests by Unitil Companies in Connection with Indicative Round Bidding for the Acquisition of Transition and Default Service (New Hampshire Public Utilities Commission Order No. 24, 118, Jan. 30, 2003)

4 Unitil Energy Systems, Inc., Proposal to Restructure the Unitil Companies, Approval by the New Hampshire Public Utilities Commission of UES Final Tariffs, UES and UPC Amended System Agreement, Final Bidding for Acquisition of Transition and Default Service and Finding that Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement is Consistent with RSA 374:F and the Public Interest (to be filed)

Securities and Exchange Commission

5 Re Unitil Corporation et al, Order Authorizing Merger of Two Utility Subsidiaries of a Registered Holding Company (Securities and Exchange Commission, Release No. 27609, 70-10084, Dec. 2, 2002)

Federal Energy Regulatory Commission

6 Concord Electric Co., Exeter & Hampton Electric Co., and Unitil Energy Systems, Inc., Order Authorizing Disposition of Jurisdictional Facilities, FERC Docket EC 02-111-000, 101 FERCP. 62,050 (Oct. 23, 2002)

7 Concord Electric Co., Exeter & Hampton Electric Co., and Unitil Energy Systems, Letter Order Authorizing Changes to Open Access Transmission Tariff, FERC Docket ER03-140 (Dec. 20, 2002

8 Unitil Energy Systems, Inc., Notice of Succession, FERC Docket ER03-374 (pending)

9 Unitil Power Corp. and Unitil Energy Systems, Inc., Amended System Agreement, FERC Docket ER03-483 (pending)

EXHIBIT F

EXCEPTIONS TO UPC REPRESENTATIONS

1. Unit Power Agreement Between New England Power Company And Unitil Power Corp., Millstone Point Unit No.3, dated July 30, 1992 as amended, and reflected in the Amended and Restated Unit Power Contract Between New England Power Company and Unitil Power Corp., NEP FERC Electric Rate Schedule, First Revised Volume No. 381 (Amended to replace Millstone Point Unit No. 3 with Vermont Yankee and reflecting the purchase agreement between Vermont Yankee and Entergy Vermont)

   Vermont Yankee Nuclear Power Corporation ("VYNPC") and Entergy Nuclear Vermont Yankee, LLC ("Entergy") are currently negotiating how the Purchase Power Agreement, dated September 6, 2001 ("PPA") will be modeled under NEPOOL Standard Market Design ("SMD"). VYNPC interprets the PPA to provide for delivery of power via an Internal Bilateral Transaction ("IBT"), as defined in NEPOOL Manual 35, at the Vermont Yankee bus. Entergy interprets the PPA to provide for delivery of unit power via Asset Ownership Share ("Ownership Share"), as defined in NEPOOL Manual 35, at the Vermont Yankee bus. The costs and obligations of the PPA are passed to New England Power Company and then to UPC. UPC interprets the PPA to provide for delivery of power via an Asset Ownership Share.

2. Unit Power Agreement Between New England Power Company And Unitil Power Corp., Maine Yankee, dated July 30, 1992 as amended, and reflected in the Amended and Restated Unit Power Contract Between New England Power Company and Unitil Power Corp., NEP FERC Electric Rate Schedule, First Revised Volume No. 382 (Amended to replace Maine Yankee with Vermont Yankee and reflecting the purchase agreement between Vermont Yankee and Entergy Vermont)

   Please refer to the explanation of Exhibit F, Item Number 1, above.

3. Unit Sales Agreement, Dated June 30, 1993, Between The Connecticut Light and Power Company And Unitil Power Corp. (Agreement for the sale of power from the Norwalk Harbor 1 and 2 Units)

   a. UPC is currently negotiating how this contract will be modeled under NEPOOL SMD. The Connecticut Light and Power Company ("CL&P") and their agent of the contract NRG Energy Inc. ("NRG") interprets the contract to provide for delivery of power via an IBT to the Western Massachusetts Electric Company and Public Service Company of New Hampshire border. UPC interprets the contract to provide for delivery of power via a generation Asset Ownership Share (as defined under NEPOOL Manual 35) at the Norwalk Harbor bus.

b. NRG had disputed the Northeast Utilities charges, related to the delivery charge for station service energy associated with the Norwalk Harbor 1 and Norwalk Harbor 2 generators. UPC was notified of this dispute in a letter, dated August 7, 2001. As a result of this dispute, NRG has not billed UPC the Station Service charge, which was stipulated in the Unit Sales Agreement. In an order dated, December 20, 2002, the FERC ruled on this dispute in favor of Northeast Utilities. UPC is still awaiting an invoice from NRG for the appropriate Station Service charge.

4. System Power Sales Agreement, Dated June 27,1994, Between The Connecticut Light And Power Company, Western Massachusetts Electric Company, Holyoke Water Power Company (Including Holyoke Power and Electric Company), Public Service Company of New Hampshire and Unitil Power Corp.

a. The Connecticut Light And Power Company, Western Massachusetts Electric Company, Holyoke Water Power Company (Including Holyoke Power and Electric Company), Public Service Company (collectively "NU") and their agent under the contract Select Energy, Inc. ("Select") do not have access to hourly availability data of the Millstone 2, Millstone 3, and Seabrook nuclear generating units. Under SMD, the ISO will no longer be providing this information for the settlement of the NU and Select contend that they do not have enough information to price the Base System portion of the contract because of the lack of hourly information. UPC has suggested using the NRC Power Reactor Status Reports, which provides information about nuclear availability on a daily basis rather than an hourly basis. NU and Select and UPC are in the process of negotiating a work-around.

b. NU and Select and UPC have also not agreed on the appropriate delivery point for both the Base and Intermediate portions of the contract. The System Power Sales Agreement states that the delivery point is the Public Service Company of New Hampshire ("PSNH") border. NU and Select contend that delivery at the Seabrook Station node satisfies this requirement, while UPC contends that the power should be delivered at the Western Massachusetts Electric Company border with PSNH.

EXHIBIT G

POWER SUPPLY AGREEMENTS

I. ASSIGNED AGREEMENTS

It is anticipated that no Power Supply Agreements will be Assigned Agreements at the time of the execution of the Agreement.

II. UNASSIGNED AGREEMENTS

1. Amended and Restated Purchased Power Agreement between Great Bay Power Corporation (Great Bay Power Marketing, Inc. as assignee) and Unitil Power Corp., made and entered into as of November 1, 2002

2. Unit Power Agreement Between New England Power Company And Unitil Power Corp., Ocean State Power Units 1 and 2, dated July 30, 1992

3. Unit Power Agreement Between New England Power Company And Unitil Power Corp., Millstone Point Unit No.3, dated July 30, 1992 as amended, and reflected in the Amended and Restated Unit Power Contract Between New England Power Company and Unitil Power Corp., NEP FERC Electric Rate Schedule, First Revised Volume No. 381 (Amended to replace Millstone Point Unit No. 3 with Vermont Yankee and reflecting the purchase agreement between Vermont Yankee and Entergy Vermont)

4. Unit Power Agreement Between New England Power Company And Unitil Power Corp., Maine Yankee, dated July 30, 1992 as amended, and reflected in the Amended and Restated Unit Power Contract Between New England Power Company and Unitil Power Corp., NEP FERC Electric Rate Schedule, First Revised Volume No. 382 (Amended to replace Maine Yankee with Vermont Yankee and reflecting the purchase agreement between Vermont Yankee and Entergy Vermont)

5. Unit Sales Agreement, Dated June 30, 1993, Between The Connecticut Light and Power Company And Unitil Power Corp. (Agreement for the sale of power from the Norwalk Harbor 1 and 2 Units)

6. Unit Sales Agreement, Dated March 19, 1993, Between Public Service Company of New Hampshire and Unitil Power Corp. (Agreement for the sale of power from the Newington Unit)

7. System Power Sales Agreement, Dated June 27,1994, Between The Connecticut Light And Power Company, Western Massachusetts Electric Company, Holyoke Water Power Company (Including Holyoke Power and Electric Company), Public Service Company of New Hampshire and Unitil Power Corp.

8. Purchased Power Agreement, Dated February 10, 1992, Between The United Illuminating Company And Unitil Power Corp. (Agreement for the sale of power from the Bridgeport Harbor Station No. 3 and the New Haven Harbor Station Units, which was assigned to Wisvest-Connecticut, LLC, now known as PSEG Connecticut LLC).

EXHIBIT H

FORM OF MIRANT LEGAL OPINION

(1) Mirant is a limited partnership validly existing and in good standing under the laws of the State of Delaware, and the Guarantor is a corporation validly existing and in good standing under the laws of the State of Delaware. Each of Mirant and the Guarantor has the requisite limited partnership or corporate power and authority to carry on its business. Mirant is duly authorized to enter into and perform the Agreement, and the Guarantor is duly authorized to enter into and perform the Guaranty.

(2) The Agreement has been duly authorized by all necessary action on the part of Mirant, and the Guaranty has been duly authorized by all necessary action on the part of the Guarantor. The Agreement has been duly executed and delivered by Mirant and the Guaranty has been duly executed and delivered by the Guarantor, and each constitutes the legal, valid and binding obligation of Mirant and the Guarantor, respectively, enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and to general principles of equity (regardless of whether such principles are considered in a proceeding at law or in equity).

(3) The execution and delivery by each of Mirant and the Guarantor of the Agreement and the Guaranty are not, and the performance by each of Mirant and the Guarantor of each of their obligations under the Agreement and the Guaranty in accordance with their respective terms will not be, in violation of the Limited Partnership Agreement or Certificate of Limited Partnership of Mirant or the Certificate of Incorporation or By-laws of the Guarantor, and, to our knowledge, do not contravene or result in any breach of any provision of, or constitute a default or result in the creation or imposition of any lien upon the property of either of Mirant or the Guarantor under, any agreement or other instrument to which either of Mirant or the Guarantor is a party or by which either of Mirant or the Guarantor is bound, or, to our knowledge, require the consent or approval of any person except such as have been duly obtained, given or accomplished.

(4) No consent, exemption, approval or authorization by, or filing with any governmental authority is required in connection with the execution, delivery and performance of the Agreement and the Guaranty by Mirant and the Guarantor, respectively, and the consummation of the transactions contemplated thereby.

(5) To our knowledge, without conducting a search of any dockets, there are no actions, suits, investigations or proceedings to which either of Mirant or the Guarantor is a party in any United States federal or state court or before any other United States federal or state governmental authority which, if determined adversely to either of Mirant or the Guarantor, would materially and adversely affect the ability of either of Mirant or the Guarantor to execute, deliver and perform its respective obligations under the Agreement and the Guaranty, and neither Mirant nor the Guarantor is, to our knowledge,

without investigation, in default with respect to any order, judgment or decree of any United States federal or state court or governmental authority to which either is a party or by which either is bound.

(6) To our knowledge, without conducting a search of any dockets, there are no proceedings pending or threatened against or affecting either of Mirant or the Guarantor before any United States federal or state court or administrative or governmental body which, in the aggregate, if determined adversely to either of Mirant or the Guarantor, would materially and adversely affect the ability of either of Mirant or the Guarantor to execute, and deliver and perform the Agreement or the Guaranty.

EXHIBIT I

FORM OF UPC AND UES LEGAL OPINION

(1) Each of UES and UPC is a corporation validly existing and in good standing under the laws of the State of New Hampshire. Each of UES and UPC has the requisite corporate power and authority to carry on its business and each is duly authorized to enter into and perform the Agreement.

(2) The Agreement has been duly authorized by all necessary action on the part of each of UES and UPC, has been duly executed and delivered by each of UES and UPC, and constitutes the legal, valid and binding obligation of each of UES and UPC enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and to general principles of equity (regardless of whether such principles are considered in a proceeding at law or in equity).

(3) The execution and delivery by each of UES and UPC of the Agreement are not, and the performance by each of UES and UPC of each of their obligations under the Agreement in accordance with its terms will not be, in violation of the Articles of Incorporation or By-laws of either of UES or UPC, and, to our knowledge, do not contravene or result in any breach of any provision of, or constitute a default or result in the creation or imposition of any lien upon the property of either of UES or UPC under, any agreement or other instrument to which either of UES or UPC is a party or by which either of UES or UPC is bound, or, to our knowledge, require the consent or approval of any person except such as have been duly obtained, given or accomplished.

(4) The execution, delivery and performance of the Agreement by UPC and UES, and the consummation of the transactions contemplated thereby, have to the extent required by law been duly authorized by orders of the NHPUC and FERC, such orders are in full force and effect, the applicable appeal periods have expired, and no other consent, exemption, approval or authorization by, or filing with any other governmental authority is required in connection with the execution and delivery of the Agreement.

(5) To our knowledge, without conducting a search of any dockets, there are no actions, suits, investigations or proceedings to which either of UES or UPC is a party in any United States federal or state court or before any other United States federal or state governmental authority which, if determined adversely to either of UES or UPC, would materially and adversely affect the ability of either of UES or UPC to execute, deliver and perform its obligations under the Agreement, and neither UES nor UPC is, to our knowledge, without investigation, in default with respect to any order, judgment or decree of any United States federal or state court or governmental authority to which either is a party or by which either is bound.

(6) To our knowledge, without conducting a search of any dockets, there are no proceedings pending or threatened against or affecting either of UES or UPC before any United States federal or state court or administrative or governmental body which, in the aggregate, if determined adversely to either of UES or UPC, would materially and adversely affect the ability of either of UES or UPC to execute, and deliver and perform the Agreement.

Exhibit 11.1

UNITIL CORPORATION

Computation in Support of Earnings per Share

	Year Ended December 31,		
	2002	2001	2000
	(000's omitted)		
BASIC EARNINGS PER SHARE			
Net Income before Extraordinary Item	$ 6,088	$ 5,027	$ 7,216
Extraordinary Item, net	---	(3,937)	----
Net Income	6,088	1,090	7,216
Less: Dividend Requirements on Preferred Stock	253	257	263
Net Income Applicable to Common Stock	$ 5,835	$ 833	$ 6,953
Average Number of Common Shares Outstanding	4,744	4,744	4,723
Basic Earnings per Average Common Shares Outstanding	$ 1.23	$ 0.18	$ 1.47
DILUTED EARNINGS PER SHARE			
Net Income before Extraordinary Item	$ 6,088	$ 5,027	$ 7,216
Extraordinary Item, net	---	(3,937)	----
Net Income	6,088	1,090	7,216
Less: Dividend Requirements on Preferred Stock	253	257	263
Net Income Applicable to Common Stock	$ 5,835	$ 833	$ 6,953
Average Number of Common Shares Outstanding plus Assumed Options converted*	4,762	4,760	4,743
Basic Earnings per Average Common Shares Outstanding	$ 1.23	$ 0.18	$ 1.47

* Assumes all options were converted to common shares per SFAS 128.

Exhibit 12.1

UNITIL CORPORATION

Computation in Support of Ratio of Earnings to Fixed Charges

	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(000's Omitted Except Ratio)				
Earnings:					
Net Income before Extraordinary Item	$ 6,088	$ 5,027	$ 7,216	$ 8,438	$ 8,249
Extraordinary Item, net	----	(3,937)	----	----	----
Net Income, per Consolidated Statement of Earnings	6,088	1,090	7,216	8,438	8,249
Federal and State Income Taxes included in:					
Operations	2,490	3,421	3,413	4,047	3,710
Investment Write-down	----	1,236	----	----	----
Extraordinary Item	----	1,388	----	----	----
Interest on Long-Term Debt	8,254	7,637	6,440	6,477	5,412
Amortization of Debt Discount Expense	81	72	60	60	61
Other Interest	1,038	1,895	2,105	1,091	1,787
Total	$ 17,951	$ 16,739	$ 19,234	$ 20,113	$ 19,219
Fixed Charges:					
Interest of Long-Term Debt	$ 8,254	$ 7,637	$ 6,440	$ 6,477	$ 5,412
Amortization of Debt Discount Expense	81	72	60	60	61
Other Interest	1,038	1,895	2,105	1,091	1,787
Pre-tax Preferred Stock Dividend Requirements	419	417	398	406	415
Total	$ 9,792	$ 10,021	$ 9,003	$ 8,034	$ 7,675
Ratio of Earnings to Fixed Charges	1.83	1.67	2.14	2.50	2.50

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has six wholly-owned subsidiaries, five of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The sixth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource L.L.C., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Usource, Inc.

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated February 7, 2003, accompanying the consolidated financial statements and schedule included in the Annual Report of Unitil Corporation and subsidiaries on Form 10-K for the year ended December 31, 2002. We hereby consent to the incorporation by reference of said report in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-42264 filed on July 26, 2000) and on Form S-8 (File No. 333-42266 filed on July 26, 2000).

/s/ GRANT THORNTON LLP

Boston, Massachusetts
March 24, 2003

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Unitil Corporation (the "Company") on Form 10-K for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Controller of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	Capacity	Date
/s/ Robert G. Schoenberger - ---------- Robert G. Schoenberger	Chief Executive Officer	March 25, 2003
/s/ Mark H. Collin - ---------- Mark H. Collin	Chief Financial Officer	March 25, 2003
/s/ Laurence M. Brock - ---------- Laurence M. Brock	Controller Unitil Service Corp.	March 25, 2003