

ATTACHMENT 5-6

**Eversource 2017 Financial
Report**



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2017

or

☐

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

For the transition period from _____ to _____

**Commission
File Number**

**Registrant; State of Incorporation;
Address; and Telephone Number**

**I.R.S. Employer
Identification No.**

1-5324	EVERSOURCE ENERGY (a Massachusetts voluntary association) 300 Cadwell Drive Springfield, Massachusetts 01104 Telephone: (800) 286-5000	04-2147929
0-00404	THE CONNECTICUT LIGHT AND POWER COMPANY (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (800) 286-5000	06-0303850
1-02301	NSTAR ELECTRIC COMPANY (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (800) 286-5000	04-1278810
1-6392	PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (800) 286-5000	02-0181050

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

Registrant

Title of Each Class

Name of Each Exchange
on Which Registered

Eversource Energy

Common Shares, \$5.00 par value

New York Stock Exchange, Inc.

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

Registrant

Title of Each Class

The Connecticut Light and Power Company

Preferred Stock, par value \$50.00 per share, issuable in series, of which the following series are outstanding:

\$1.90	Series	of 1947
\$2.00	Series	of 1947
\$2.04	Series	of 1949
\$2.20	Series	of 1949
3.90%	Series	of 1949
\$2.06	Series E	of 1954
\$2.09	Series F	of 1955
4.50%	Series	of 1956
4.96%	Series	of 1958
4.50%	Series	of 1963
5.28%	Series	of 1967
\$3.24	Series G	of 1968
6.56%	Series	of 1968

NSTAR Electric Company

Preferred Stock, par value \$100.00 per share, issuable in series, of which the following series are outstanding:

4.25%	Series	of 1956
4.78%	Series	of 1958

NSTAR Electric Company and Public Service Company of New Hampshire each meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K, and each is therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) of Form 10-K.

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

<u>Yes</u>	<u>No</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

<u>Yes</u>	<u>No</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

<u>Yes</u>	<u>No</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

<u>Yes</u>	<u>No</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>

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 the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

	<u>Large accelerated filer</u>	<u>Accelerated filer</u>	<u>Non-accelerated filer</u>	<u>Smaller reporting company</u>	<u>Emerging growth company</u>
Eversource Energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Connecticut Light and Power Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NSTAR Electric Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Service Company of New Hampshire	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	<u>Yes</u>	<u>No</u>
Eversource Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The Connecticut Light and Power Company	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NSTAR Electric Company	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Public Service Company of New Hampshire	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The aggregate market value of Eversource Energy's Common Shares, \$5.00 par value, held by non-affiliates, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of Eversource Energy's most recently completed second fiscal quarter (June 30, 2017) was \$19,210,596,737 based on a closing market price of \$60.71 per share for the 316,432,165 common shares outstanding held by non-affiliates on June 30, 2017.

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

<u>Company - Class of Stock</u>	<u>Outstanding as of January 31, 2018</u>
Eversource Energy Common Shares, \$5.00 par value	316,885,808 shares
The Connecticut Light and Power Company Common Stock, \$10.00 par value	6,035,205 shares
NSTAR Electric Company Common Stock, \$1.00 par value	200 shares
Public Service Company of New Hampshire Common Stock, \$1.00 par value	301 shares

Eversource Energy holds all of the 6,035,205 shares, 200 shares and 301 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company and Public Service Company of New Hampshire, respectively.

Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company and Public Service Company of New Hampshire each separately file this combined Form 10-K. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

GLOSSARY OF TERMS

The following is a glossary of abbreviations and acronyms that are found in this report:

Current or former Eversource Energy companies, segments or investments:

Eversource, ES or the Company	Eversource Energy and subsidiaries
Eversource parent or ES parent	Eversource Energy, a public utility holding company
ES parent and other companies	ES parent and other companies are comprised of Eversource parent, Eversource Service and other subsidiaries, which primarily includes our unregulated businesses, HWP Company, The Rocky River Realty Company (a real estate subsidiary), and the consolidated operations of CYAPC and YAEC, and Aquarion's water business from the date of acquisition on December 4, 2017 through December 31, 2017
CL&P	The Connecticut Light and Power Company
NSTAR Electric	NSTAR Electric Company
PSNH	Public Service Company of New Hampshire
NSTAR Gas	NSTAR Gas Company
Yankee Gas	Yankee Gas Services Company
Aquarion	Eversource Aquarion Holdings, Inc and its subsidiaries (formerly known as Macquarie Utilities Inc)
NPT	Northern Pass Transmission LLC
Northern Pass	The HVDC and associated alternating-current transmission line project from Canada into New Hampshire
Eversource Service	Eversource Energy Service Company
Bay State Wind	A project being developed jointly by Eversource and Denmark-based Ørsted (formerly known as DONG Energy) to construct an offshore wind farm off the coast of Massachusetts
CYAPC	Connecticut Yankee Atomic Power Company
MYAPC	Maine Yankee Atomic Power Company
YAEC	Yankee Atomic Electric Company
Yankee Companies	CYAPC, YAEC and MYAPC
Electric and Natural Gas Companies	The Eversource electric and natural gas companies are comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric and PSNH, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, NPT, the generation facilities of PSNH, and the solar power facilities of NSTAR Electric

Regulators:

DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts

Other Terms and Abbreviations:

Access Northeast	A project being developed jointly by Eversource, Enbridge, Inc. ("Enbridge"), and National Grid plc ("National Grid") through Algonquin Gas Transmission, LLC to bring needed additional natural gas pipeline and storage capacity to New England.
ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
AOCL	Accumulated Other Comprehensive Loss
ARO	Asset Retirement Obligation
Bcf	Billion cubic feet
C&LM	Conservation and Load Management
CfD	Contract for Differences
Clean Air Project	The construction of a wet flue gas desulphurization system, known as "scrubber technology," to reduce mercury emissions of the Merrimack coal-fired generation station in Bow, New Hampshire
CO ₂	Carbon dioxide
CPSL	Capital Projects Scheduling List
CTA	Competitive Transition Assessment
CWIP	Construction Work in Progress
EDC	Electric distribution company
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974

ESOP	Employee Stock Ownership Plan
ESPP	Employee Share Purchase Plan
Eversource 2016 Form 10-K	The Eversource Energy and Subsidiaries 2016 combined Annual Report on Form 10-K as filed with the SEC
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HQ	Hydro-Québec, a corporation wholly-owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High-voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly-owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kVa	Kilovolt-ampere
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LBR	Lost Base Revenue
LNG	Liquefied natural gas
LRS	Supplier of last resort service
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
NETOs	New England Transmission Owners (including Eversource, National Grid and Avangrid)
NOx	Nitrogen oxides
OCI	Other Comprehensive Income/(Loss)
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree benefits, primarily medical, dental and life insurance
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
RNS	Regional Network Service
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plans and non-qualified defined benefit retirement plans
SIP	Simplified Incentive Plan
SO ₂	Sulfur dioxide
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY

2017 FORM 10-K ANNUAL REPORT

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**EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY**

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES
LITIGATION REFORM ACT OF 1995**

References in this Annual Report on Form 10-K to "Eversource," the "Company," "we," "our," and "us" refer to Eversource Energy and its consolidated subsidiaries. CL&P, NSTAR Electric, and PSNH are each doing business as Eversource Energy.

From time to time, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

- cyber breaches and other disruptions to our information technology system that may compromise the confidentiality of our proprietary information and the personal information of our customers,
- acts of war, terrorism or grid disturbances that may disrupt our transmission and distribution systems,
- ability or inability to successfully commence and complete our major strategic development opportunities,
- actions or inaction of local, state and federal regulatory, public policy and taxing bodies,
- changes in business conditions, which could include disruptive technology related to our current or future business model,
- changes in economic conditions, including impact on interest rates, tax policies, and customer demand and payment ability,
- fluctuations in weather patterns, including extreme weather due to climate change,
- changes in laws, regulations or regulatory policy,
- changes in levels or timing of capital expenditures,
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,
- developments in legal or public policy doctrines,
- technological developments and alternative energy sources,
- changes in accounting standards and financial reporting regulations,
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict and contain uncertainties that may materially affect our actual results, many of which are beyond our control. You should not place undue reliance on the forward-looking statements, as each speaks only as of the date on which such statement is made, and, except as required by federal securities laws, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A, *Risk Factors*, included in this combined Annual Report on Form 10-K. This Annual Report on Form 10-K also describes material contingencies and critical accounting policies in the accompanying *Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Combined Notes to Financial Statements*. We encourage you to review these items.

**EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY**

PART I

Item 1. Business

Please refer to the Glossary of Terms for definitions of defined terms and abbreviations used in this combined Annual Report on Form 10-K.

Eversource Energy, headquartered in Boston, Massachusetts and Hartford, Connecticut, is a public utility holding company subject to regulation by the FERC under the Public Utility Holding Company Act of 2005. We are engaged primarily in the energy delivery business through the following wholly-owned utility subsidiaries:

- The Connecticut Light and Power Company (CL&P), a regulated electric utility that serves residential, commercial and industrial customers in parts of Connecticut;
- NSTAR Electric Company (NSTAR Electric), a regulated electric utility that serves residential, commercial and industrial customers in parts of eastern and western Massachusetts and owns solar power facilities;
- Public Service Company of New Hampshire (PSNH), a regulated electric utility that serves residential, commercial and industrial customers in parts of New Hampshire and owns generation assets used to serve customers;
- NSTAR Gas Company (NSTAR Gas), a regulated natural gas utility that serves residential, commercial and industrial customers in parts of Massachusetts; and
- Yankee Gas Services Company (Yankee Gas), a regulated natural gas utility that serves residential, commercial and industrial customers in parts of Connecticut.
- Aquarion Water Company (Aquarion), a regulated water utility holding company that serves residential, commercial, industrial and fire protection customers through its separate three regulated utilities, AWC-CT, AWC-MA and AWC-NH in parts of Connecticut, Massachusetts and New Hampshire;

CL&P, NSTAR Electric and PSNH also serve New England customers through Eversource Energy's electric transmission business, and are each doing business as Eversource Energy in their respective service territories.

On December 31, 2017, Western Massachusetts Electric Company, a former subsidiary of Eversource Energy, merged with and into NSTAR Electric, with NSTAR Electric as the surviving entity. As a result, NSTAR Electric serves all of Eversource Energy's electric customers in Massachusetts. For purposes of this combined Annual Report on Form 10-K, the financial statements and financial information presented for prior years were retrospectively adjusted as if the merger had occurred on the first day of the earliest period presented. Upon the closing of the merger, all assets, contracts, rights and obligations of Western Massachusetts Electric Company were reflected as part of NSTAR Electric.

On December 4, 2017, Eversource acquired Macquarie Utilities Inc., subsequently renamed Eversource Aquarion Holdings, Inc., and its Aquarion Water Company subsidiaries. Collectively, these water utility companies serve residential, commercial, industrial and fire protection customers in parts of Connecticut, Massachusetts and New Hampshire.

Eversource Energy, CL&P, NSTAR Electric and PSNH each report their financial results separately. We also include information in this report on a segment basis for Eversource Energy. Eversource Energy recognizes three reportable segments: electric distribution, electric transmission, and natural gas distribution. Eversource Energy's electric distribution segment includes the results of PSNH's generation facilities and NSTAR Electric's solar power facilities. The energy transmission and distribution segments represented substantially all of Eversource Energy's total consolidated revenues for the years ended December 31, 2017, 2016 and 2015. CL&P, NSTAR Electric and PSNH do not report separate business segments.

ELECTRIC DISTRIBUTION SEGMENT

General

Eversource Energy's electric distribution segment consists of the distribution businesses of CL&P, NSTAR Electric and PSNH, which are engaged in the distribution of electricity to retail customers in Connecticut, Massachusetts and New Hampshire, respectively, plus the regulated electric generation facilities of PSNH and solar power facilities of NSTAR Electric.

The following table shows the sources of electric franchise retail revenues for Eversource Energy's electric distribution companies, collectively, based on categories of customers:

<i>(Thousands of Dollars)</i>	2017	2016	2015
Residential	\$ 3,457,986	\$ 3,448,043	\$ 3,608,155
Commercial	2,459,985	2,465,664	2,476,686
Industrial	330,995	328,103	326,564
Other	94,091	139,527	151,195
Total Retail Electric Revenues	\$ 6,343,057	\$ 6,381,337	\$ 6,562,600

A summary of our distribution companies' retail electric GWh sales volumes and percentage changes for 2017, as compared to 2016, is as follows:

	2017	2016	Percentage Change
Residential	20,496	21,002	(2.4)%
Commercial	26,570	27,206	(2.3)%
Industrial	5,180	5,434	(4.7)%
Total	52,246	53,642	(2.6)%

Certain Eversource electric, natural gas and water companies, including CL&P and NSTAR Electric (for a portion of its customers), have a regulatory commission approved revenue decoupling mechanism ("decoupled companies"). Distribution revenues are decoupled from customer sales volumes, where applicable, which breaks the relationship between sales volumes and revenues recognized. The decoupled companies reconcile their annual base distribution rate recovery to pre-established levels of baseline distribution delivery service revenues. Any difference between the allowed level of distribution revenue and the actual amount realized is adjusted through rates in a subsequent period.

Retail electric sales volumes at our electric utilities with a traditional rate structure (the eastern region of NSTAR Electric and PSNH) were lower in 2017, as compared to 2016, due primarily to the mild summer weather in 2017, as compared to 2016. Cooling degree days in 2017 were 14.7 percent lower in the Boston metropolitan area and 22.7 percent lower in New Hampshire, as compared to 2016. Sales volumes were positively impacted by improved economic conditions across our service territories, but this trend was offset by lower customer usage driven by the impact of increased customer energy conservation efforts.

CL&P and NSTAR Electric (for its western Massachusetts customer rates) reconcile their annual base distribution rate recovery amounts to their pre-established levels of baseline distribution delivery service revenues of \$1.059 billion and \$132.4 million, respectively, through December 31, 2017. Effective February 1, 2018, NSTAR Electric, operating entirely under decoupled rates, will reconcile its annual base distribution rate recovery to its new baseline of \$974.8 million.

ELECTRIC DISTRIBUTION – CONNECTICUT

THE CONNECTICUT LIGHT AND POWER COMPANY

CL&P's distribution business consists primarily of the purchase, delivery and sale of electricity to its residential, commercial and industrial customers. As of December 31, 2017, CL&P furnished retail franchise electric service to approximately 1.2 million customers in 149 cities and towns in Connecticut, covering an area of 4,400 square miles. CL&P does not own any electric generation facilities.

The following table shows the sources of CL&P's electric franchise retail revenues based on categories of customers:

	CL&P		
<i>(Thousands of Dollars)</i>	2017	2016	2015
Residential	\$ 1,649,294	\$ 1,603,351	\$ 1,641,165
Commercial	883,904	858,965	841,093
Industrial	144,672	139,556	129,544
Other	29,144	47,672	62,704
Total Retail Electric Revenues	\$ 2,707,014	\$ 2,649,544	\$ 2,674,506

A summary of CL&P's retail electric GWh sales volumes and percentage changes for 2017, as compared to 2016, is as follows:

	2017	2016	Percentage Change
Residential	9,642	9,907	(2.7)%
Commercial	9,161	9,461	(3.2)%
Industrial	2,146	2,249	(4.6)%
Total	20,949	21,617	(3.1)%

Rates

CL&P is subject to regulation by the PURA, which, among other things, has jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, standards of service and construction and operation of facilities. CL&P's present general rate structure consists of various rate and service classifications covering residential, commercial and industrial services. CL&P's retail rates include a delivery service component, which includes distribution, transmission, conservation, renewable energy programs and other charges that are assessed on all customers.

Under Connecticut law, all of CL&P's customers are entitled to choose their energy suppliers, while CL&P remains their electric distribution company. For those customers who do not choose a competitive energy supplier, under SS rates for customers with less than 500 kilowatts of demand (residential customers and small and medium commercial and industrial customers), and LRS rates for customers with 500 kilowatts or more of demand (larger commercial and industrial customers), CL&P purchases power under standard offer contracts and passes the cost of the purchased power to customers through a combined charge on customers' bills.

The rates established by the PURA for CL&P are comprised of the following:

- An electric GSC, which recovers energy-related costs incurred as a result of providing electric generation service supply to all customers that have not migrated to competitive energy suppliers. The GSC is adjusted periodically and reconciled semi-annually in accordance with the policies and procedures of the PURA, with any differences refunded to, or recovered from, customers.
- A revenue decoupling adjustment that reconciles the amounts recovered from customers, on an annual basis, to the distribution revenue requirement approved by the PURA in its last rate case, which currently is an annual amount of \$1.059 billion.
- A distribution charge, which includes a fixed customer charge and a demand and/or energy charge to collect the costs of building and expanding the infrastructure to deliver electricity to customers, as well as ongoing operating costs to maintain the infrastructure.
- An FMCC, which recovers any costs imposed by the FERC as part of the New England Standard Market Design, including locational marginal pricing, locational installed capacity payments, and any costs approved by the PURA to reduce these charges. The FMCC also recovers costs associated with CL&P's system resiliency program. The FMCC is adjusted periodically and reconciled semi-annually in accordance with the policies and procedures of the PURA, with any differences refunded to, or recovered from, customers.
- A transmission charge that recovers the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market.
- A CTA charge, assessed to recover stranded costs associated with electric industry restructuring such as various IPP contracts. The CTA is reconciled annually to actual costs incurred and reviewed by the PURA, with any difference refunded to, or recovered from, customers.
- An SBC, established to fund expenses associated with various hardship and low income programs and a program that compensates municipalities for lost property tax revenues due to decreased values of generating facilities caused by electric industry restructuring. The SBC is reconciled annually to actual costs incurred and reviewed by the PURA, with any difference refunded to, or recovered from, customers.
- A Clean Energy Fund charge, which is used to promote investment in renewable energy sources. Amounts collected by this charge are deposited into the Clean Energy Fund and administered by the Clean Energy Finance and Investment Authority. The Clean Energy Fund charge is set by statute and is currently 0.1 cent per kWh.
- A conservation charge, comprised of a statutory rate established to implement cost-effective energy conservation programs and market transformation initiatives, plus a conservation adjustment mechanism charge to recover the residual energy efficiency spending associated with the expanded energy efficiency costs directed by the Comprehensive Energy Strategy Plan for Connecticut.

As required by regulation, CL&P, jointly with UI, entered into the following contracts whereby UI will share 20 percent and CL&P will share 80 percent of the costs and benefits (CL&P's portion of these costs are either recovered from, or refunded to, customers through the FMCC):

- Four capacity CfDs (totaling approximately 787 MW of capacity) with three electric generation units and one demand response project, which extend through 2026 and have terms of up to 15 years beginning in 2009. The capacity CfDs obligate both CL&P and UI to make or receive payments on a monthly basis to or from the project and generation owners based on the difference between a contractually set capacity price and the capacity market prices that the project and generation owners receive in the ISO-NE capacity markets.
- Three peaker CfDs (totaling approximately 500 MW of peaking capacity) with three peaking generation units. The three peaker CfDs pay the generation owners the difference between capacity, forward reserve and energy market revenues and a cost-of-service payment stream for 30 years beginning in 2008 (including costs of plant operation and the prices that the generation owners receive for capacity and other products in the ISO-NE markets).

Distribution Rates: On April 20, 2017, PURA approved the joint request of CL&P, the Connecticut Office of Consumer Counsel ("OCC") and the Connecticut Attorney General to amend the deadline to establish new electric distribution rates in the 2012 Connecticut merger settlement agreement from "no later than December 1, 2017" to "no later than July 1, 2018." On November 22, 2017, CL&P filed its application with PURA, which sought a rate increase of \$255.8 million, \$45.0 million and \$36.0 million effective May 2018, 2019, and 2020, respectively. On December 15, 2017, CL&P, the Prosecutorial Unit of PURA, and the OCC reached a settlement in principle.

On January 11, 2018, CL&P filed the distribution rate case settlement agreement for approval by PURA, which included, among other things, rate increases of \$97.1 million, \$32.7 million and \$24.7 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, 53 percent common equity in CL&P's capital structure, and a new capital tracker through 2020 for capital additions, system resiliency, and grid modernization. The rate increases associated with the settlement agreement will be reduced by the impact of the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act", which we currently estimate to average approximately \$45 million to \$50 million per year, while amounts related to ADIT will be addressed in a separate manner. We expect to receive final approval from PURA in the second quarter of 2018.

Sources and Availability of Electric Power Supply

As noted above, CL&P does not own any generation assets and purchases energy supply to serve its SS and LRS loads from a variety of competitive sources through requests for proposals. CL&P continues to supply approximately 42 percent of its customer load at SS or LRS rates while the other 58 percent of its customer load has migrated to competitive energy suppliers. Because this customer migration is only for energy supply service, it has no impact on CL&P's electric distribution business or its operating income.

CL&P periodically enters into full requirements contracts for SS loads for periods of up to one year. CL&P typically enters into full requirements contracts for LRS loads every three months. Currently, CL&P has full requirements contracts in place for 100 percent of its SS loads for the first half of 2018. For the second half of 2018, CL&P has 60 percent of its SS load under full requirements contracts, and intends to purchase an additional 40 percent of full requirements. None of the SS load for 2019 has been procured. CL&P has full requirements contracts in place for its LRS loads through June 2018 and intends to purchase 100 percent of full requirements for the remainder of 2018.

ELECTRIC DISTRIBUTION – MASSACHUSETTS

NSTAR ELECTRIC COMPANY

NSTAR Electric's distribution business consists primarily of the purchase, delivery and sale of electricity to residential, commercial and industrial customers within its franchise service territory. As of December 31, 2017, NSTAR Electric furnished retail franchise electric service to approximately 1.4 million customers in Boston and 139 cities and towns in eastern and western Massachusetts, including Cape Cod, Martha's Vineyard and the greater Springfield metropolitan area, covering an aggregate area of approximately 3,200 square miles. NSTAR Electric does not own any generating facilities used to supply customers and purchases its energy requirements from competitive energy suppliers.

On December 29, 2016, the DPU approved NSTAR Electric's application to develop 62 MW of new solar power facilities. Currently, NSTAR Electric owns 8 MW of solar power facilities on sites in Pittsfield, Springfield, and East Springfield, Massachusetts that were completed from 2010 through 2014. We expect development of the new facilities to be completed in 2018. Similar to NSTAR Electric's current practice on the existing 8MW of solar power facilities, we expect that NSTAR Electric will sell energy from the new facilities into the ISO-NE market. We estimate our investment in these new facilities will be approximately \$180 million.

The following table shows the sources of the electric franchise retail revenues of NSTAR Electric based on categories of customers:

	NSTAR Electric		
	2017	2016	2015
(Thousands of Dollars)			
Residential	\$ 1,271,253	\$ 1,322,778	\$ 1,461,184
Commercial	1,278,739	1,310,743	1,322,674
Industrial	113,952	117,683	120,106
Other	45,347	54,666	53,388
Total Retail Electric Revenues	\$ 2,709,291	\$ 2,805,870	\$ 2,957,352

A summary of NSTAR Electric's retail electric GWh sales volumes and percentage changes for 2017, as compared to 2016, is as follows:

	NSTAR Electric		
	2017	2016	Percentage Change
Residential	7,721	7,959	(3.0)%
Commercial	14,127	14,404	(1.9)%
Industrial	1,691	1,802	(6.2)%
Total	23,539	24,165	(2.6)%

In 2017 and 2016, NSTAR Electric operated under two different rate structures based on its service territory geography. For customers in eastern Massachusetts, including metropolitan Boston, Cape Cod and Martha's Vineyard, NSTAR Electric operated using Traditional rates. For customers in western Massachusetts, including the metropolitan Springfield region, NSTAR Electric operated using Decoupled rates. Effective February 1, 2018, all of NSTAR Electric's distribution revenues were decoupled as a result of the DPU-approved rate decision. See "Regulatory Developments and Rate Matters - Massachusetts - NSTAR Electric Distribution Rate Case Decision" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Rates

NSTAR Electric is subject to regulation by the DPU, which, among other things, has jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, acquisition of securities, standards of service and construction and operation of facilities. The present general rate structure for NSTAR Electric consists of various rate and service classifications covering residential, commercial and industrial services.

Under Massachusetts law, all customers of NSTAR Electric are entitled to choose their energy suppliers, while NSTAR Electric remains their electric distribution company. NSTAR Electric purchases power from competitive suppliers on behalf of, and passes the related cost through to, its customers who do not choose a competitive energy supplier (basic service). Most of the residential customers of NSTAR Electric have continued to buy their power from NSTAR Electric at basic service rates. Most commercial and industrial customers have switched to a competitive energy supplier.

The Cape Light Compact, an inter-governmental organization consisting of the 21 towns and two counties on Cape Cod and Martha's Vineyard, serves 200,000 customers through the delivery of energy efficiency programs, effective consumer advocacy, competitive electricity supply and green power options. NSTAR Electric continues to provide electric service to these customers including the delivery of power, maintenance of infrastructure, capital investment, meter reading, billing, and customer service.

NSTAR Electric continues to supply approximately 50 percent of its Residential customer load, 41 percent of its Small Commercial and Industrial (C&I) customer load, and 9 percent of its Large C&I customer load at basic service rates. The remainder of its customer load is distributed between Municipal Aggregation and Competitive Supply. Because customer migration is limited to energy supply service, it has no impact on the delivery business or operating income of NSTAR Electric.

The rates established by the DPU for NSTAR Electric are comprised of the following:

- A basic service charge that represents the collection of energy costs, including costs related to charge-offs of uncollectible energy costs from customers. Electric distribution companies in Massachusetts are required to obtain and resell power to retail customers through basic service for those who choose not to buy energy from a competitive energy supplier. Basic service rates are reset every six months (every three months for large commercial and industrial customers). Additionally, the DPU has authorized NSTAR Electric to recover the cost of its NSTAR Green wind contracts through the basic service charge. Basic service costs are reconciled annually, with any differences refunded to, or recovered from, customers.
- A distribution charge, which includes a fixed customer charge and a demand and/or energy charge to collect the costs of building and expanding the distribution infrastructure to deliver power to its destination, as well as ongoing operating costs.
- A revenue decoupling adjustment that reconciles distribution revenue, on an annual basis, to the amount of distribution revenue approved by the DPU. During 2017 only the western Massachusetts customer rates, including the metropolitan Springfield region,

were decoupled, which resulted in allowed distribution revenues of approximately \$132.4 million. Effective February 1, 2018, NSTAR Electric is allowed to collect distribution revenues of \$974.8 million annually, which covers its entire service territory.

- A transmission charge that recovers the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market.
- A transition charge that represents costs to be collected primarily from previously held investments in generating plants, costs related to existing above-market power contracts, and contract costs related to long-term power contract buy-outs.
- A renewable energy charge that represents a legislatively-mandated charge to support the Massachusetts Renewable Energy Trust Fund.
- An energy efficiency charge that represents a legislatively-mandated charge to collect costs for energy efficiency programs.
- Reconciling adjustment charges that recover certain DPU-approved costs, including pension and PBOP benefits, low income customer discounts, lost revenue and credits associated with net-metering facilities installed by customers, costs associated with the solar power facilities, storms, long-term renewable contracts and energy efficiency programs.

As required by regulation, NSTAR Electric, along with two other Massachusetts electric utilities, signed long-term commitments to purchase a combined estimated generating capacity of approximately 334 MW of wind power from two wind farms in Maine over 15 years. One wind farm began operating in late 2015, and the other wind farm began operating in late 2016. In addition, NSTAR Electric previously signed a long-term commitment to purchase an estimated generating capacity of approximately 37.5 MW of wind power from a wind farm in Maine over 15 years that began operating in 2016.

Distribution Rates: On November 30, 2017, the DPU issued its decision in the NSTAR Electric distribution rate case, which approved an annual distribution rate increase of \$37 million, with rates effective February 1, 2018. On January 3, 2018, NSTAR Electric filed a motion to reflect a revenue requirement reduction of \$56 million (due to the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act"), resulting in an annual net decrease in rates of \$19 million.

In addition to its decision regarding rates, the DPU approved an authorized regulatory ROE of 10 percent, the establishment of a revenue decoupling rate mechanism for the portion of the NSTAR Electric business that did not previously have a decoupling mechanism, and the implementation of an inflation-based adjustment mechanism with a five-year stay-out until January 1, 2023.

Among other items, the DPU approved the recovery of previously expensed merger-related costs over a 10-year period and the recovery of previously deferred storm costs with carrying charges at the prime rate, but disallowed certain property taxes. The rate case decision resulted in the recognition of an aggregate \$44.1 million pre-tax benefit recorded in 2017.

Service Quality Metrics: NSTAR Electric is subject to service quality ("SQ") metrics that measure safety, reliability and customer service, and could be required to pay to customers a SQ charge of up to 2.5 percent of annual transmission and distribution revenues for failing to meet such metrics. NSTAR Electric will not be required to pay a SQ charge for its 2017 performance as the company achieved results at or above target for all of its SQ metrics in 2017.

Sources and Availability of Electric Power Supply

As noted above, NSTAR Electric does not own any generation assets (other than solar power facilities), and it purchases its energy requirements from a variety of competitive sources through requests for proposals issued periodically, consistent with DPU regulations. NSTAR Electric enters into supply contracts for basic service for 50 percent of its residential and small commercial and industrial customers twice per year for twelve month terms. NSTAR Electric enters into supply contracts for basic service for 100 percent of large commercial and industrial customers every three months.

ELECTRIC DISTRIBUTION – NEW HAMPSHIRE

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

PSNH's distribution business consists primarily of the generation, delivery and sale of electricity to its residential, commercial and industrial customers. As of December 31, 2017, PSNH furnished retail franchise electric service to approximately 515,000 retail customers in 211 cities and towns in New Hampshire, covering an area of approximately 5,630 square miles. As of December 31, 2017, PSNH owned and operated approximately 1,200 MW of coal-, natural gas-, oil-fired, and hydro electricity generation facilities. PSNH's distribution business included the activities of its generation facilities.

On October 11, 2017, PSNH entered into a Purchase and Sale Agreement for the sale of its thermal generation facilities and a separate Purchase and Sale Agreement for the sale of its hydroelectric generation facilities. On January 10, 2018, PSNH completed the sale of its thermal generation facilities. The thermal generation facilities included approximately 1,100 MW of coal, natural gas, biomass and oil-fired electricity generation facilities. The sale of the hydroelectric generation facilities is targeted to close by the end of the first quarter of 2018. For further information, see "Generation Divestiture" below.

The following table shows the sources of PSNH's electric franchise retail revenues based on categories of customers:

(Thousands of Dollars)	PSNH		
	2017	2016	2015
Residential	\$ 537,439	\$ 521,914	\$ 505,806
Commercial	297,342	295,956	312,918
Industrial	72,371	70,864	76,914
Other	19,600	37,188	35,103
Total Retail Electric Revenues	\$ 926,752	\$ 925,922	\$ 930,741

A summary of PSNH's retail electric GWh sales volumes and percentage changes for 2017, as compared to 2016, is as follows:

	2017	2016	Percentage Change
Residential	3,134	3,136	(0.1)%
Commercial	3,282	3,342	(1.8)%
Industrial	1,342	1,382	(2.9)%
Total	7,758	7,860	(1.3)%

Rates

PSNH is subject to regulation by the NHPUC, which, among other things, has jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of securities, standards of service and construction and operation of facilities.

Under New Hampshire law, all of PSNH's customers are entitled to choose competitive energy suppliers. Prior to the Generation Divestiture, PSNH provided default energy service under its ES rate for those customers who did not choose a competitive energy supplier. At the end of 2017, approximately 26 percent of all of PSNH's customers (approximately 56 percent of load) were taking service from competitive energy suppliers, compared to 25 percent of customers (approximately 56 percent of load) at the end of 2016.

The rates established by the NHPUC for PSNH are comprised of the following:

- A default energy service charge which recovers energy-related costs incurred as a result of providing electric generation service supply to all customers that have not migrated to competitive energy suppliers. Through March 31, 2018, the default energy service charge recovers the costs of PSNH's generation, as well as purchased power, and includes an allowed ROE of 9.81 percent. Effective April 1, 2018, as a result of the divestiture of its generation assets, PSNH will obtain power for retail customers who have not chosen a competitive supplier through a periodic market solicitation with the rate set to recover the cost of that power and statutorily mandated renewable portfolio standard costs. Effective April 1, 2018, any remaining costs from ownership of generation will be recovered as part of the SCRC described below.
- A distribution charge, which includes an energy and/or demand-based charge to recover costs related to the maintenance and operation of PSNH's infrastructure to deliver power to its destination, as well as power restoration and service costs. This includes a customer charge to collect the cost of providing service to a customer; such as the installation, maintenance, reading and replacement of meters and maintaining accounts and records.
- A transmission charge that recovers the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market.
- An SCRC, which allows PSNH to recover its stranded costs, including above-market expenses incurred under mandated power purchase obligations and other long-term investments and obligations. The stranded costs associated with the sale of the generation facilities, which are targeted to be sold in their entirety by the end of the first quarter of 2018, will be recovered in the SCRC rate charged to PSNH customers.
- An SBC, which funds energy efficiency programs for all customers, as well as assistance programs for residential customers within certain income guidelines.
- An electricity consumption tax, which is a state mandated tax on electric energy consumption.

The default energy service charge and SCRC rates change semi-annually and are reconciled annually in accordance with the policies and procedures of the NHPUC, with any differences refunded to, or recovered from, customers.

In New Hampshire, PSNH distribution rates were established in a settlement approved by the NHPUC in 2010. Prior to the expiration of that settlement on June 30, 2015, the NHPUC approved the continuation of those rates, and increased funding via rates, of PSNH's reliability enhancement program.

Generation Divestiture

In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, under the terms of which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approval for this agreement, as well as NHPUC approval of the final divestiture plan and auction process, were received in the second half of 2016. In October 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of \$175 million and \$83 million, respectively, subject to adjustments as set forth in the Agreements. The NHPUC approved the Agreements in late November 2017.

On January 10, 2018, PSNH completed the sale of its thermal generation facilities. In accordance with the Purchase and Sale Agreement, the original purchase price of \$175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling \$40.9 million, resulting in net proceeds of \$134.1 million. We are targeting for PSNH to complete the sale of its hydroelectric generation facilities by the end of the first quarter of 2018 at a sale price of \$83 million, subject to adjustment. On January 30, 2018, the NHPUC approved the issuance of rate reduction bonds up to \$690 million to recover stranded costs, subject to an audit by the NHPUC Audit Staff. This order is subject to an appeal period of 30 days.

Upon completion of the divestiture, full recovery of PSNH's generation assets and transaction-related costs are expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs via the issuance of bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers.

Sources and Availability of Electric Power Supply

During 2017, approximately 47 percent of PSNH's load was met through its own generation, long-term power supply provided pursuant to orders of the NHPUC, and contracts with competitive energy suppliers. The remaining 53 percent of PSNH's load was met by short-term (less than one year) purchases and spot purchases in the competitive New England wholesale power market. Included in the above are PSNH's obligations to purchase power from approximately two dozen IPPs, the output of which it either uses to serve its customer load or sells into the ISO-NE market. With the anticipated completion of the divestiture of its own generation facilities in the first quarter of 2018, PSNH will meet its load requirements in 2018 with purchases of energy requirements from competitive sources through requests for proposals issued periodically, consistent with NHPUC regulations.

ELECTRIC TRANSMISSION SEGMENT

General

Each of CL&P, NSTAR Electric and PSNH owns and maintains transmission facilities that are part of an interstate power transmission grid over which electricity is transmitted throughout New England. Each of CL&P, NSTAR Electric and PSNH, and most other New England utilities, are parties to a series of agreements that provide for coordinated planning and operation of the region's transmission facilities and the rules by which they acquire transmission services. Under these arrangements, ISO-NE, a non-profit corporation whose board of directors and staff are independent of all market participants, serves as the regional transmission organization of the New England transmission system.

Wholesale Transmission Revenues

A summary of Eversource Energy's wholesale transmission revenues is as follows:

<i>(Thousands of Dollars)</i>	2017	2016	2015
CL&P	\$ 609,880	\$ 575,735	\$ 513,025
NSTAR Electric	514,151	483,050	428,743
PSNH	177,821	151,354	127,509
Total Wholesale Transmission Revenues	\$ 1,301,852	\$ 1,210,139	\$ 1,069,277

Wholesale Transmission Rates

Wholesale transmission revenues are recovered through FERC-approved formula rates. Annual transmission revenue requirements include recovery of transmission costs and include a return on equity applied to transmission rate base. Transmission revenues are collected from New England customers, including distribution customers of CL&P, NSTAR Electric and PSNH. The transmission rates provide for an annual true-up of estimated to actual costs. The financial impacts of differences between actual and estimated costs are deferred for future recovery from, or refunded to, transmission customers.

FERC Base ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005, and sought an order to reduce it prospectively from the date of the final FERC order and for the 15-month complaint periods arising from the separate complaints. In the fourth complaint, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable. In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the D.C. Circuit Court of Appeals issued a decision on April 14, 2017 vacating and remanding the FERC's decision. For further information, see "FERC Regulatory Issues - FERC ROE Complaints" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Transmission Projects

During 2017, we were involved in the planning, development and construction of a series of electric transmission projects, including the Greater Hartford Central Connecticut projects and the Greater Boston Reliability Solutions, that will be built within the next five years and that will enhance system reliability and improve capacity. We were also involved in the planning and development of Northern Pass and the Seacoast Reliability Project. On February 1, 2018, the New Hampshire Site Evaluation Committee ("NHSEC") voted to deny Northern Pass' siting application. Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ continue to support Northern Pass and the many benefits this project will bring to our customers and region. Eversource intends to seek reconsideration of the NHSEC's decision and to review all options for moving this critical clean energy project forward. For further information, see "Business Development and Capital Expenditures - Electric Transmission Business" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Transmission Rate Base

Transmission rate base under our FERC-approved tariff primarily consists of our investment in transmission net utility plant less accumulated deferred income taxes.

Under our FERC-approved tariff, and with the exception of transmission projects that received specific FERC approval to include CWIP in rate base, transmission projects generally enter rate base after they are placed in commercial operation. At the end of 2017, our estimated transmission rate base was approximately \$6 billion, including approximately \$2.7 billion at CL&P, \$2.5 billion at NSTAR Electric, and \$765 million at PSNH.

NATURAL GAS DISTRIBUTION SEGMENT

NSTAR Gas distributes natural gas to approximately 292,000 customers in 51 communities in central and eastern Massachusetts covering 1,067 square miles, and Yankee Gas distributes natural gas to approximately 232,000 customers in 72 cities and towns in Connecticut covering 2,187 square miles. Total throughput (sales and transportation) in 2017 was approximately 69.4 Bcf for NSTAR Gas and 56.0 Bcf for Yankee Gas. Our natural gas businesses provide firm natural gas sales service to retail customers who require a continuous natural gas supply throughout the year, such as residential customers who rely on natural gas for heating, hot water and cooking needs, and commercial and industrial customers who choose to purchase natural gas from Eversource Energy's natural gas distribution companies. A portion of the storage of natural gas supply for NSTAR Gas during the winter heating season is provided by Hopkinton LNG Corp., an indirect, wholly-owned subsidiary of Eversource Energy. NSTAR Gas has access to Hopkinton LNG Corp. facilities in Hopkinton, Massachusetts consisting of a LNG liquefaction and vaporization plant and three above-ground cryogenic storage tanks having an aggregate capacity of 3.0 Bcf of liquefied natural gas. NSTAR Gas also has access to Hopkinton LNG Corp. facilities in Acushnet, Massachusetts that include additional storage capacity of 0.5 Bcf and additional vaporization capacity.

Yankee Gas owns a 1.2 Bcf LNG facility in Waterbury, Connecticut, which is used primarily to assist Yankee Gas in meeting its supplier-of-last-resort obligations and also enables it to provide economic supply and make economic refill of natural gas typically during periods of low demand.

NSTAR Gas and Yankee Gas generate revenues primarily through the sale and/or transportation of natural gas. Predominantly all residential customers in the NSTAR Gas service territory buy natural gas supply and delivery from NSTAR Gas while all customers may choose their natural gas suppliers. Retail natural gas service in Connecticut is partially unbundled: residential customers in Yankee Gas' service territory buy natural gas supply and delivery only from Yankee Gas while commercial and industrial customers may choose their natural gas suppliers. NSTAR Gas offers firm transportation service to all customers who purchase natural gas from sources other than NSTAR Gas while Yankee Gas offers firm transportation service to its commercial and industrial customers who purchase natural gas from sources other than Yankee Gas. In addition, both natural gas distribution companies offer interruptible transportation and interruptible natural gas sales service to those high volume commercial and industrial customers, generally during the colder months, that have the capability to switch from natural gas to an alternative fuel on short notice, for whom NSTAR Gas and Yankee Gas can interrupt service during peak demand periods or at any other time to maintain distribution system integrity.

The following table shows the sources of the total Eversource Energy natural gas franchise retail revenues based on categories of customers:

<i>(Thousands of Dollars)</i>	2017	2016	2015
Residential	\$ 500,229	\$ 446,052	\$ 497,873
Commercial	312,034	279,001	327,439
Industrial	90,024	80,093	93,378
Total Retail Natural Gas Revenues	\$ 902,287	\$ 805,146	\$ 918,690

A summary of our firm natural gas sales volumes in million cubic feet and percentage changes for 2017, as compared to 2016, is as follows:

	2017	2016	Percentage Change
Residential	37,421	35,734	4.7%
Commercial	42,992	41,895	2.6%
Industrial	20,613	20,413	1.0%
Total	101,026	98,042	3.0%
Total, Net of Special Contracts ⁽¹⁾	96,617	93,346	3.5%

⁽¹⁾ Special contracts are unique to the customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth in both of our natural gas distribution companies. Consolidated firm natural gas sales volumes were higher in 2017, as compared to 2016, due primarily to colder winter weather in the fourth quarter of 2017, as compared to 2016. Heating degree days in 2017 were 2.5 percent higher in Connecticut, as compared to 2016. Sales volumes were also positively impacted by improved economic conditions across our natural gas service territories.

For NSTAR Gas, the DPU approved a distribution revenue decoupling mechanism effective January 1, 2016. Natural gas distribution revenues are decoupled from their customer sales volumes, where applicable, which breaks the relationship between sales volumes and revenues recognized. As a result, fluctuations in natural gas sales volumes in Massachusetts do not impact earnings.

Rates

NSTAR Gas and Yankee Gas are subject to regulation by the DPU and the PURA, respectively, which, among other things, have jurisdiction over rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, standards of service and construction and operation of facilities.

Retail natural gas delivery and supply rates are established by the DPU and the PURA and are comprised of:

- A distribution charge consisting of a fixed customer charge and a demand and/or energy charge that collects the costs of building and expanding the natural gas infrastructure to deliver natural gas supply to its customers. This also includes collection of ongoing operating costs.
- A seasonal cost of gas adjustment clause ("CGAC") at NSTAR Gas that collects natural gas supply costs, pipeline and storage capacity costs, costs related to charge-offs of uncollected energy costs and working capital related costs. The CGAC is reset semi-annually. In addition, NSTAR Gas files interim changes to its CGAC factor when the actual costs of natural gas supply vary from projections by more than five percent.
- A local distribution adjustment clause ("LDAC") at NSTAR Gas that collects all energy efficiency and related program costs, environmental costs, pension and PBOP related costs, attorney general consultant costs, and costs associated with low income customers. The LDAC is reset annually and provides for the recovery of certain costs applicable to both sales and transportation customers.
- Purchased Gas Adjustment ("PGA") clause, which allows Yankee Gas to recover the costs of the procurement of natural gas for its firm and seasonal customers. Differences between actual natural gas costs and collection amounts on August 31st of each year are deferred and then recovered from or refunded to customers during the following year. Carrying charges on outstanding balances are calculated using Yankee Gas' weighted average cost of capital in accordance with the directives of the PURA.
- Conservation Adjustment Mechanism ("CAM") at Yankee Gas, which allows 100 percent recovery of conservation costs through this mechanism including program incentives to promote energy efficiency, as well as recovery of any lost revenues associated with implementation of energy conservation measures. A reconciliation of CAM revenues to expenses is performed annually with any difference being recovered from or refunded to customers, with carrying charges, during the following year.

NSTAR Gas purchases financial contracts based on the New York Mercantile Exchange ("NYMEX") natural gas futures in order to reduce cash flow variability associated with the purchase price for approximately one-third of its normal winter season natural gas supplies. These purchases are made under a program approved by the DPU in 2006. This practice attempts to minimize the impact of fluctuations in natural gas prices to NSTAR Gas' firm natural gas customers. These financial contracts do not procure natural gas supply. All costs incurred or benefits realized when these contracts are settled are included in the CGAC.

NSTAR Gas is subject to SQ metrics that measure safety, reliability and customer service and could be required to pay to customers a SQ charge of up to 2.5 percent of annual distribution revenues for failing to meet such metrics. NSTAR Gas will not be required to pay a SQ charge for its 2017 performance as it achieved results at or above target for all of its SQ metrics in 2017.

NSTAR Gas distribution rates were set in its 2015 DPU approved rate case, which included an annualized base rate increase of \$15.8 million, plus other increases of approximately \$11.5 million, mostly relating to recovery of pension and PBOP expenses and the Hopkinton Gas Service Agreement, effective January 1, 2016. In the order, the DPU also approved an authorized regulatory ROE of 9.8 percent, the establishment of a revenue decoupling mechanism, the recovery of certain bad debt expenses, and a 52.1 percent equity component of its capital structure.

Yankee Gas' last rate case proceeding was in 2011, which approved an allowed ROE of 8.83 percent and allowed for a substantial increase in annual spending for bare steel and cast iron pipeline replacement. In 2015, Yankee Gas entered into a settlement agreement with the PURA staff pursuant to which Yankee Gas provided a \$1.5 million rate credit to firm customers beginning in December 2015, and established an earnings sharing mechanism whereby Yankee Gas and its customers will share equally in any earnings exceeding a 9.5 percent ROE in a twelve month period commencing with the period from April 1, 2015 through March 31, 2016. As of December 31, 2017, Yankee Gas had not triggered any of the earnings sharing thresholds.

Massachusetts Natural Gas Replacement and Expansion

On July 7, 2014, Massachusetts enacted "An Act Relative to Natural Gas Leaks" (the "Act"). The Act established a uniform natural gas leak classification standard for all Massachusetts natural gas utilities and a program that accelerates the replacement of aging natural gas infrastructure. The program enabled companies, including NSTAR Gas, to better manage the scheduling and costs of replacement. The Act called for the DPU to authorize natural gas utilities to design and offer programs to customers that will increase the availability, affordability and feasibility of natural gas service for new customers.

In October 2014, pursuant to the Act, NSTAR Gas filed the Gas System Enhancement Program ("GSEP") with the DPU. NSTAR Gas' program accelerates the replacement of certain natural gas distribution facilities in the system to within 25 years. The GSEP includes a new tariff effective January 1, 2016 that provides NSTAR Gas an opportunity to collect the costs for the program on an annual basis through a newly designed reconciling factor. On April 30, 2015, the DPU approved the GSEP. We expect capital expenditures of approximately \$374.4 million for the period 2016 through 2020 for the GSEP.

Connecticut Natural Gas Expansion Plan

In 2013, in accordance with Connecticut law and regulations, the PURA approved a comprehensive joint natural gas infrastructure expansion plan (the "Expansion Plan") filed by Yankee Gas and other Connecticut natural gas distribution companies. The Expansion Plan described how Yankee Gas expects to add approximately 82,000 new natural gas heating customers over a 10-year period. Yankee Gas estimates that its portion of the Expansion Plan will cost approximately \$700 million over 10 years. In January 2015, the PURA approved a joint settlement agreement proposed by Yankee Gas and other Connecticut natural gas distribution companies and regulatory agencies that clarified the procedures and oversight criteria applicable to the Expansion Plan. On November 30, 2016, Yankee Gas received PURA approval of its initial 2014 System Expansion Reconciliation as well as its 2015 Reconciliation after a combined review of the reconciliations by PURA. Yankee Gas filed its 2016 System Expansion Reconciliation in March 2017, which was approved by PURA on September 13, 2017.

Sources and Availability of Natural Gas Supply

NSTAR Gas maintains a flexible resource portfolio consisting of natural gas supply contracts, transportation contracts on interstate pipelines, market area storage and peaking services. NSTAR Gas purchases transportation, storage, and balancing services from Tennessee Gas Pipeline Company and Algonquin Gas Transmission Company, as well as other upstream pipelines that transport gas from major gas producing regions in the U.S., including the Gulf Coast, Mid-continent region, and Appalachian Shale supplies to the final delivery points in the NSTAR Gas service area. NSTAR Gas purchases all of its natural gas supply under a firm portfolio management contract with a term of one year. In addition to the firm transportation and natural gas storage supplies mentioned above, NSTAR Gas utilizes contracts for underground storage and LNG facilities to meet its winter peaking demands. The LNG facilities, described below, are located within NSTAR Gas' distribution system and are used to liquefy and store pipeline natural gas during the warmer months for vaporization and use during the heating season. During the summer injection season, excess pipeline capacity and supplies are used to deliver and store natural gas in market area underground storage facilities located in the New York and Pennsylvania regions. Stored natural gas is withdrawn during the winter season to supplement flowing pipeline supplies in order to meet firm heating demand. NSTAR Gas has firm underground storage contracts and total storage capacity entitlements of approximately 6.6 Bcf. A portion of the storage of natural gas supply for NSTAR Gas during the winter heating season is provided by Hopkinton LNG Corp., which owns an LNG liquefaction and vaporization plant and three above-ground cryogenic storage tanks having an aggregate capacity of 3.0 Bcf of liquefied natural gas. NSTAR Gas also has access to Hopkinton LNG Corp. facilities that include additional storage capacity of 0.5 Bcf and additional vaporization capacity.

The PURA requires that Yankee Gas meet the needs of its firm customers under all weather conditions. Specifically, Yankee Gas must structure its supply portfolio to meet firm customer needs under a design day scenario (defined as the coldest day in 30 years) and under a design year scenario (defined as the average of the four coldest years in the last 30 years). Yankee Gas' on-system stored LNG and underground storage supplies help to meet consumption needs during the coldest days of winter. Yankee Gas obtains its interstate capacity from the three interstate pipelines that directly serve Connecticut: the Algonquin, Tennessee and Iroquois Pipelines, which connect to other upstream pipelines that transport gas from major gas producing regions, including the Gulf Coast, Mid-continent, Canadian regions and Appalachian Shale supplies.

Based on information currently available regarding projected growth in demand and estimates of availability of future supplies of pipeline natural gas, NSTAR Gas and Yankee Gas each believes that participation in planned and anticipated pipeline and storage expansion projects will be required in order for it to meet current and future sales growth opportunities.

WATER BUSINESS

Eversource Water Ventures, Inc., a Connecticut corporation, through its wholly-owned subsidiary, Eversource Aquarion Holdings, Inc. (Aquarion), operates regulated water utilities in Connecticut (Aquarion Water Company of Connecticut, or "AWC-CT"), Massachusetts (Aquarion Water Company of Massachusetts, or "AWC-MA") and New Hampshire (Aquarion Water Company of New Hampshire, or "AWC-NH"). These regulated companies provide water services to approximately 226,000 residential, commercial, industrial, municipal and fire protection and other customers, in 59 towns and cities in Connecticut, Massachusetts and New Hampshire. As of December 31, 2017, approximately 87 percent of Aquarion's customers were based in Connecticut.

For the period from December 4, 2017, the date Aquarion was acquired by Eversource, through December 31, 2017, water franchise retail revenues based on categories of customers for residential, commercial, municipal and fire protection, industrial and other totaled \$9.9 million, \$2.3 million, \$2.5 million, \$0.2 million and \$1.0 million, respectively.

Rates

Aquarion's water utilities are subject to regulation by the PURA, the DPU and the NHPUC in Connecticut, Massachusetts and New Hampshire, respectively. These regulatory agencies, have jurisdiction over, among other things, rates, certain dispositions of property and plant, mergers and consolidations, issuances of long-term securities, standards of service and construction and operation of facilities.

Aquarion's general rate structure consists of various rate and service classifications covering residential, commercial, industrial, and municipal and fire protection services.

The rates established by the PURA, DPU and NHPUC are comprised of the following:

- A base rate, which is comprised of fixed charges based on meter/fire connection sizes, as well as volumetric charges based on the amount of water sold. Together these charges are designed to recover the full cost of service resulting from a general rate proceeding.
- A revenue adjustment mechanism ("RAM") that reconciles earned revenues, with certain allowed adjustments, on an annual basis, to the revenue requirement approved by the PURA in AWC-CT's last rate case (2013), which is an annual amount of \$178.0 million.
- The water infrastructure conservation adjustment ("WICA") charge, which is applied between rate case proceedings and seeks recovery of allowed costs associated with WICA-eligible capital projects placed in-service. The WICA is updated semiannually in Connecticut and annually in New Hampshire.
- Treatment plant surcharges, which are a series of three surcharges in Massachusetts (one fixed and two volumetric in nature) that are designed to recover certain operating costs and the costs of the lease of the treatment plant located in Hingham. These surcharges are applicable only to customers in Hingham, Hull and Cohasset.

Sources and Availability of Water Supply

Our water utilities obtain their water supplies from owned surface water sources (reservoirs) and groundwater supplies (wells) with a total supply yield of approximately 131 million gallons per day, as well as water purchased from other water suppliers. Approximately 98 percent of our annual production is self-supplied and processed at 10 surface water treatment plants and numerous well stations, which are all located in Connecticut, Massachusetts, and New Hampshire.

The capacities of Aquarion's sources of supply, and water treatment, pumping and distribution facilities, are considered sufficient to meet the present requirements of Aquarion's customers under normal conditions. On occasion, drought declarations are issued for portions of Aquarion's service territories in response to extended periods of dry weather conditions.

OFFSHORE WIND PROJECT

Bay State Wind is a proposed offshore wind project being jointly developed by Eversource and Denmark-based Ørsted. Bay State Wind will be located in a 300-square-mile area approximately 25 miles off the coast of Massachusetts that has the ultimate potential to generate more than 2,000 MW of clean, renewable energy. Eversource and Ørsted each hold a 50 percent ownership interest in Bay State Wind.

For more information regarding the clean energy legislation, see "Regulatory Developments and Rate Matters – Massachusetts – Massachusetts RFPs" in the accompanying Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

PROJECTED CAPITAL EXPENDITURES

We project to make capital expenditures of approximately \$10.8 billion from 2018 through 2021, of which we expect approximately \$5.7 billion to be in our electric and natural gas distribution segments, approximately \$4.1 billion to be in our electric transmission segment and \$0.4 billion to be in our water utility business. We also project to invest approximately \$0.5 billion in information technology and facilities upgrades and enhancements. These projections do not include any expected investments related to Bay State Wind.

FINANCING

Our credit facilities and indentures require that Eversource parent and certain of its subsidiaries, including CL&P, NSTAR Electric, PSNH, NSTAR Gas, and Yankee Gas, and Aquarion comply with certain financial and non-financial covenants as are customarily included in such agreements, including maintaining a ratio of consolidated debt to total capitalization of no more than 65 percent. All of these companies currently are, and expect to remain, in compliance with these covenants.

As of December 31, 2017, \$961.0 million of Eversource's long-term debt, including \$450.0 million, \$300.0 million, \$110.0 million, \$100.0 million and \$1.0 million for Eversource parent, CL&P, PSNH, Yankee Gas and Aquarion, respectively, will be paid within the next 12 months.

NUCLEAR FUEL STORAGE

CL&P, NSTAR Electric, PSNH, and several other New England electric utilities are stockholders in three inactive regional nuclear generation companies, CYAPC, MYAPC and YAEC (collectively, the Yankee Companies). The Yankee Companies have completed the physical decommissioning of their respective generation facilities and are now engaged in the long-term storage of their spent nuclear fuel. The Yankee Companies have completed collection of their decommissioning and closure costs through the proceeds from the spent nuclear fuel litigation against the DOE and has refunded amounts to its member companies. These proceeds were used by the Yankee Companies to offset the decommissioning and closure cost amounts due from their member companies or to decrease the wholesale FERC-approved rates charged under power purchase agreements with CL&P, NSTAR Electric and PSNH and several other New England utilities. The decommissioning rates charged by the Yankee Companies have been reduced to zero. CL&P, NSTAR Electric and PSNH can recover these costs from, or refund proceeds to, their customers through state regulatory commission-approved retail rates.

We consolidate the assets and obligations of CYAPC and YAEC on our consolidated balance sheet because we own more than 50 percent of these companies.

OTHER REGULATORY AND ENVIRONMENTAL MATTERS

General

We are regulated in virtually all aspects of our business by various federal and state agencies, including FERC, the SEC, and various state and/or local regulatory authorities with jurisdiction over the industry and the service areas in which each of our companies operates, including the PURA, which has jurisdiction over CL&P, Yankee Gas, and Aquarion, the NHPUC, which has jurisdiction over PSNH and Aquarion, and the DPU, which has jurisdiction over NSTAR Electric, NSTAR Gas, and Aquarion.

Environmental Regulation

We are subject to various federal, state and local requirements with respect to water quality, air quality, toxic substances, hazardous waste and other environmental matters.

Additionally, major generation and transmission facilities may not be constructed or significantly modified without a review of the environmental impact of the proposed construction or modification by the applicable federal or state agencies.

Water Quality Requirements

The Clean Water Act requires every "point source" discharger of pollutants into navigable waters to obtain a National Pollutant Discharge Elimination System ("NPDES") permit from the EPA or state environmental agency specifying the allowable quantity and characteristics of its effluent. States may also require additional permits for discharges into state waters.

Air Quality Requirements

The Clean Air Act Amendments ("CAAA"), as well as New Hampshire law, impose stringent requirements on emissions of SO₂ and NO_x for the purpose of controlling acid rain and ground level ozone. In addition, the CAAA address the control of toxic air pollutants. Requirements for the installation of continuous emissions monitors and expanded permitting provisions also are included. Following the completion of the sale of PSNH's thermal generation facilities on January 10, 2018, we no longer own facilities subject to the provisions of the CAAA.

Renewable Portfolio Standards

Each of the states in which we do business also has Renewable Portfolio Standards ("RPS") requirements, which generally require fixed percentages of our energy supply to come from renewable energy sources such as solar, wind, hydropower, landfill gas, fuel cells and other similar sources.

New Hampshire's RPS provision requires increasing percentages of the electricity sold to retail customers to have direct ties to renewable sources. In 2017, the total RPS obligation was 17.6 percent and it will ultimately reach 25.2 percent in 2025. The costs of the RECs are recovered by PSNH through rates charged to customers.

Similarly, Connecticut's RPS statute requires increasing percentages of the electricity sold to retail customers to have direct ties to renewable sources. In 2017, the total RPS obligation was 22.5 percent and will ultimately reach 28 percent in 2020. CL&P is permitted to recover any costs incurred in complying with RPS from its customers through its GSC rate.

Massachusetts' RPS program also requires electricity suppliers to meet renewable energy standards. For 2017, the requirement was 22.34 percent, and will ultimately reach 26.1 percent in 2020. NSTAR Electric is permitted to recover any costs incurred in complying with RPS from its customers through rates. NSTAR Electric also owns renewable solar power facilities. The RECs generated from NSTAR Electric's solar power facilities are sold to other energy suppliers, and the proceeds from these sales are credited back to customers.

Hazardous Materials Regulations

We have recorded a liability for what we believe, based upon currently available information, is our reasonably estimable environmental investigation, remediation, and/or Natural Resource Damages costs for waste disposal sites for which we have probable liability. Under federal and state law, government agencies and private parties can attempt to impose liability on us for recovery of investigation and remediation costs at hazardous waste sites. As of December 31, 2017, the liability recorded for our reasonably estimable and probable environmental remediation costs for known sites needing investigation and/or remediation, exclusive of recoveries from insurance or from third parties, was \$54.9 million, representing 59 sites. These costs could be significantly higher if additional remediation becomes necessary or when additional information as to the extent of contamination becomes available.

The most significant liabilities currently relate to future clean-up costs at former MGP facilities. These facilities were owned and operated by our predecessor companies from the mid-1800's to mid-1900's. By-products from the manufacture of gas using coal resulted in fuel oils, hydrocarbons, coal tar, purifier wastes, metals and other waste products that may pose risks to human health and the environment. We currently have partial or full ownership responsibilities at former MGP sites that have a reserve balance of \$49.0 million of the total \$54.9 million as of December 31, 2017. MGP costs are recoverable through rates charged to our customers.

Electric and Magnetic Fields

For more than twenty years, published reports have discussed the possibility of adverse health effects from electric and magnetic fields ("EMF") associated with electric transmission and distribution facilities and appliances and wiring in buildings and homes. Although weak health risk associations reported in some epidemiology studies remain unexplained, most researchers, as well as numerous scientific review panels, considering all significant EMF epidemiology and laboratory studies, have concluded that the available body of scientific information does not support the conclusion that EMF affects human health.

In accordance with recommendations of various regulatory bodies and public health organizations, we reduce EMF associated with new transmission lines by the use of designs that can be implemented without additional cost or at a modest cost. We do not believe that other capital expenditures are appropriate to minimize unsubstantiated risks.

Global Climate Change and Greenhouse Gas Emission Issues

Global climate change and greenhouse gas emission issues have received an increased focus from state governments and the federal government. The EPA initiated a rulemaking addressing greenhouse gas emissions and, on December 7, 2009, issued a finding that concluded that greenhouse gas emissions are "air pollution" that endangers public health and welfare and should be regulated. The largest source of greenhouse gas emissions in the U.S. is the electricity generating sector. The EPA has mandated greenhouse gas emission reporting beginning in 2011 for emissions for certain aspects of our business including stationary combustion, volume of gas supplied to large customers and fugitive emissions of SF6 gas and methane.

We are continually evaluating the regulatory risks and regulatory uncertainty presented by climate change concerns. Such concerns could potentially lead to additional rules and regulations that impact how we operate our business, both in terms of the generating facilities we own and operate as well as general utility operations. These could include federal "cap and trade" laws, carbon taxes, fuel and energy taxes, or regulations requiring additional capital expenditures at our generating facilities. We expect that any costs of these rules and regulations would be recovered from customers.

Connecticut, New Hampshire and Massachusetts are each members of the Regional Greenhouse Gas Initiative (RGGI), a cooperative effort by nine northeastern and mid-Atlantic states, to develop a regional program for stabilizing and reducing CO₂ emissions from coal- and oil-fired electric generating plants. Because CO₂ allowances issued by any participating state are usable across all nine RGGI state programs, the individual state CO₂ trading programs, in the aggregate, form one regional compliance market for CO₂ emissions. The third three-year control period took effect on January 1, 2015 and extended through December 31, 2017. In this control period, each regulated power plant must hold CO₂ allowances equal to 50 percent of its emissions during each of the first two years of the three-year period, and hold CO₂ allowances equal to 100 percent of its remaining emissions for the three-year control period at the end of the period.

FERC Hydroelectric Project Licensing

Federal Power Act licenses may be issued for hydroelectric projects for terms of 30 to 50 years as determined by the FERC. Upon the expiration of an existing license, (i) the FERC may issue a new license to the existing licensee, (ii) the United States may take over the project, or (iii) the FERC may issue a new license to a new licensee, upon payment to the existing licensee of the lesser of the fair value or the net investment in the project, plus severance damages, less certain amounts earned by the licensee in excess of a reasonable rate of return.

PSNH currently owns nine hydroelectric generation facilities with a current claimed capability representing winter rates of approximately 71 MW, eight of which are licensed by the FERC under long-term licenses. PSNH and its hydroelectric facilities are subject to conditions set forth in such licenses, the Federal Power Act and related FERC regulations, including provisions related to the condemnation of a project upon payment of just compensation, amortization of project investment from excess project earnings, possible takeover of a project after expiration of its license upon payment of net investment and severance damages and other matters. We are targeting for PSNH to close on the sale of its hydroelectric generation facilities by the end of the first quarter of 2018.

EMPLOYEES

As of December 31, 2017, Eversource Energy employed a total of 8,084 employees, excluding temporary employees, of which 1,270 were employed by CL&P, 1,922 were employed by NSTAR Electric, and 918 were employed by PSNH. Approximately 50 percent of our employees are members of the International Brotherhood of Electrical Workers, the Utility Workers Union of America or The United Steelworkers, and are covered by 11 collective bargaining agreements.

INTERNET INFORMATION

Our website address is www.eversource.com. We make available through our website a link to the SEC's EDGAR website (<http://www.sec.gov/edgar/searchedgar/companysearch.html>), at which site Eversource Energy's, CL&P's, NSTAR Electric's and PSNH's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports may be reviewed. Information contained on the Company's website or that can be accessed through the website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K. Printed copies of these reports may be obtained free of charge by writing to our Investor Relations Department at Eversource Energy, 107 Selden Street, Berlin, CT 06037.

Item 1A. Risk Factors

In addition to the matters set forth under "Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995" included immediately prior to Item 1, *Business*, above, we are subject to a variety of significant risks. Our susceptibility to certain risks, including those discussed in detail below, could exacerbate other risks. These risk factors should be considered carefully in evaluating our risk profile.

Cyberattacks could severely impair operations, negatively impact our business, lead to the disclosure of confidential information and adversely affect our reputation.

A successful cyberattack on the information technology systems that control our transmission and distribution systems or other assets could impair or prevent us from managing these systems and facilities, operating our systems effectively, or properly managing our data, networks and programs. The breach of certain information technology systems could adversely affect our ability to correctly record, process and report financial information. A major cyber incident could result in significant expenses to investigate and to repair system damage or security breaches and could lead to litigation, fines, other remedial action, heightened regulatory scrutiny and damage to our reputation.

We have instituted safeguards to protect our information technology systems and assets. We devote substantial resources to network and application security, encryption and other measures to protect our computer systems and infrastructure from unauthorized access or misuse and interface with numerous external entities to improve our cybersecurity situational awareness. The FERC, through the North American Electric Reliability Corporation, requires certain safeguards to be implemented to deter cyberattacks. These safeguards may not always be effective due to the evolving nature of cyberattacks.

Any such cyberattacks could result in loss of service to customers and a significant decrease in revenues, which could have a material adverse impact on our financial position, results of operations or cash flows.

Acts of war or terrorism, both threatened and actual, or physical attacks could adversely affect our ability to operate our systems and could adversely affect our financial results and liquidity.

Acts of war or terrorism, both threatened and actual, or actual physical attacks that damage our transmission and distribution systems or other assets could negatively impact our ability to transmit or distribute energy, distribute water, or operate our systems efficiently or at all. Because our electric transmission systems are part of an interconnected regional grid, we face the risk of blackout due to grid disturbances or disruptions on a neighboring interconnected system. If our assets were physically damaged and were not recovered in a timely manner, it could result in a loss of service to customers and a significant decrease in revenues.

Any such acts of war or terrorism, physical attacks or grid disturbances could result in a significant decrease in revenues, significant expense to repair system damage, costs associated with governmental actions in response to such attacks, and liability claims, all of which could have a material adverse impact on our financial position, results of operations and cash flows.

Strategic development opportunities may not be successful and projects may not commence operation as scheduled or be completed, which could have a material adverse effect on our business prospects.

We are pursuing broader strategic development investment opportunities that will benefit the New England region related to the construction of electric transmission facilities, off-shore wind electric generation facilities, interconnections to generating resources and other investment opportunities. The development of these activities involve numerous risks. Various factors could result in increased costs or result in delays or cancellation of these projects. Risks include regulatory approval processes, new legislation, economic events or factors, environmental and community concerns, design and siting issues, difficulties in obtaining required rights of way, competition from incumbent utilities and other entities, and actions of strategic partners. Should any of these factors result in such delays or cancellations, our financial position, results of operations, and cash flows could be adversely affected or our future growth opportunities may not be realized as anticipated.

As a result of legislative and regulatory changes, the states in which we provide service have implemented new procedures to select for construction new major electric transmission, natural gas pipeline, off-shore wind and other clean energy facilities. These procedures require the review of competing projects and permit the selection of only those projects that are expected to provide the greatest benefit to customers. If the projects in which we have invested are not selected for construction, or even if our projects are selected, other legislative or regulatory actions could result in our projects not being probable of entering the construction phase, it could have a material adverse effect on our future financial position, results of operations and cash flows.

After being selected as the winning bidder in the Massachusetts clean energy RFP in January 2018, on February 1, 2018, the NHSEC voted to deny the siting application for our Northern Pass project. Following the NHSEC's decision, the Massachusetts EDCs, in coordination with the DOER and the independent evaluator, notified NPT that the EDCs will continue contract negotiations, with the option of discontinuing discussions and terminating its conditional selection by March 27, 2018.

The actions of regulators and legislators can significantly affect our earnings, liquidity and business activities.

The rates that our electric, natural gas and water companies charge their customers are determined by their state regulatory commissions and by the FERC. These commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters.

Under state and federal law, our electric, natural gas and water companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their reasonable operating and capital costs and a reasonable ROE, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval.

The FERC has jurisdiction over our transmission costs recovery and our allowed ROE. Certain outside parties have filed four complaints against all electric companies under the jurisdiction of ISO-NE alleging that our allowed ROE is unjust and unreasonable. An adverse decision in any of these four complaints could adversely affect our financial position, results of operations or cash flows.

FERC's policy has encouraged competition for transmission projects, even within existing service territories of electric companies. Implementation of FERC's goals, including within our service territories, may expose us to competition for construction of transmission projects, additional regulatory considerations, and potential delay with respect to future transmission projects, which may adversely affect our results of operation.

There is no assurance that the commissions will approve the recovery of all costs incurred by our electric, natural gas and water companies, including costs for construction, operation and maintenance, as well as a reasonable return on their respective regulated assets. The amount of costs incurred by the companies, coupled with increases in fuel and energy prices, could lead to consumer or regulatory resistance to the timely recovery of such costs, thereby adversely affecting our financial position, results of operations or cash flows.

We outsource certain business functions to third-party suppliers and service providers, and substandard performance by those third parties could harm our business, reputation and results of operations.

We outsource certain services to third parties in areas including information technology, transaction processing, human resources, payroll and payroll processing and other areas. Outsourcing of services to third parties could expose us to substandard quality of service delivery or substandard deliverables, which may result in missed deadlines or other timeliness issues, non-compliance (including with applicable legal requirements and industry standards) or reputational harm, which could negatively impact our results of operations. We also continue to pursue enhancements to standardize our systems and processes. If any difficulties in the operation of these systems were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers or employees.

The effects of climate change, including severe storms, could cause significant damage to any of our facilities requiring extensive expenditures, the recovery for which is subject to approval by regulators.

Climate change creates physical and financial risks. Physical risks from climate change may include an increase in sea levels and changes in weather conditions, such as changes in precipitation and extreme weather events including drought. Customers' energy needs vary with weather conditions, primarily temperature and humidity. For residential customers, heating and cooling represent their largest energy use. For water customers, conservation measures imposed by the communities we serve could impact water usage. To the extent weather conditions are affected by climate change, customers' energy and water usage could increase or decrease depending on the duration and magnitude of the changes.

Severe weather, such as ice and snow storms, hurricanes and other natural disasters, may cause outages and property damage, which may require us to incur additional costs that may not be recoverable from customers. The cost of repairing damage to our operating subsidiaries' facilities and the potential disruption of their operations due to storms, natural disasters or other catastrophic events could be substantial, particularly as regulators and customers demand better and quicker response times to outages. If, upon review, any of our state regulatory authorities finds that our actions were imprudent, some of those restoration costs may not be recoverable from customers. The inability to recover a significant amount of such costs could have an adverse effect on our financial position, results of operations and cash flows.

Our transmission and distribution systems may not operate as expected, and could require unplanned expenditures, which could adversely affect our financial position, results of operations and cash flows.

Our ability to properly operate our transmission and distribution systems is critical to the financial performance of our business. Our transmission and distribution businesses face several operational risks, including the breakdown, failure of, or damage to operating equipment, information technology systems, or processes, especially due to age; labor disputes; disruptions in the delivery of electricity, natural gas and water, including impacts on us or our customers; increased capital expenditure requirements, including those due to environmental regulation; catastrophic events such as fires, explosions, or other similar occurrences; extreme weather conditions beyond equipment and plant design capacity; other unanticipated operations and maintenance expenses and liabilities; and potential claims for property damage or personal injuries beyond the scope of our insurance coverage. Many of our transmission projects are expected to alleviate identified reliability issues and reduce customers' costs. However, if the in-service date for one or more of these projects is delayed due to economic events or factors, or regulatory or other delays, the risk of failures in the electricity transmission system may increase. Any failure of our transmission and distribution systems to operate as planned may result in increased capital costs, reduced earnings or unplanned increases in operation and maintenance costs. The inability to recover a significant amount of such costs could have an adverse effect on our financial position, results of operations and cash flows.

New technology, conservation measures and alternative energy sources could adversely affect our operations and financial results.

Advances in technology that reduce the costs of alternative methods of producing electric energy to a level that is competitive with that of current electric production methods, could result in loss of market share and customers, and may require us to make significant expenditures to remain competitive. These changes in technology could also alter the channels through which electric customers buy or utilize energy, which could reduce

our revenues or increase our expenses. Economic downturns or periods of high energy supply costs typically can lead to the development of legislative and regulatory policy designed to promote reductions in energy consumption and increased energy efficiency and self-generation by customers. Customers' increased use of energy efficiency measures, distributed generation and energy storage technology could result in lower demand. Similarly, mandatory water conservation imposed due to drought conditions could result in lower demand for water. Reduced demand for electricity due to energy efficiency measures and the use of distributed generation, and reduced demand for water due to mandatory or voluntary conservation efforts, to the extent not substantially offset through ratemaking or decoupling mechanisms, could have a material adverse effect on our financial condition, results of operations and cash flows.

The unauthorized access to and the misappropriation of confidential and proprietary customer, employee, financial or system operating information could adversely affect our business operations and adversely impact our reputation.

In the regular course of business, we maintain sensitive customer, employee, financial and system operating information and are required by various federal and state laws to safeguard this information. Cyber intrusions, security breaches, theft or loss of this information by cybercrime or otherwise could lead to the release of critical operating information or confidential customer or employee information, which could adversely affect our business operations or adversely impact our reputation, and could result in significant costs, fines and litigation. We maintain limited privacy protection liability insurance to cover limited damages and defense costs arising from unauthorized disclosure of, or failure to protect, private information, as well as costs for notification to, or for credit card monitoring of, customers, employees and other persons in the event of a breach of private information. This insurance covers amounts paid to avert, prevent or stop a network attack or the disclosure of personal information, and costs of a qualified forensics firm to determine the cause, source and extent of a network attack or to investigate, examine and analyze our network to find the cause, source and extent of a data breach. While we have implemented measures designed to prevent cyberattacks and mitigate their effects should they occur, these measures may not be effective due to the continually evolving nature of efforts to access confidential information.

Contamination of our water supplies, the failure of dams on reservoirs providing water to our customers, or requirements to repair, upgrade or dismantle any of these dams, may disrupt our ability to distribute water to our customers and result in substantial additional costs, which could adversely affect our financial condition, and results of operations.

Our water supplies, including water provided to our customers, are subject to possible contamination from naturally occurring compounds or man-made substances.

Our water systems include impounding dams and reservoirs of various sizes. Although we believe our dams are structurally sound and well-maintained, significant damage to these facilities, or a significant decrease in the water in our reservoirs, could adversely affect our ability to provide water to our customers until the facilities and a sufficient amount of water in our reservoirs can be restored. A failure of a dam could result in personal injuries and downstream property damage for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our customers. Any losses or liabilities incurred due to a failure of one of our dams may not be covered by existing insurance, may exceed such insurance coverage limits, or may not be recoverable in rates. Any such losses may make it difficult for us to obtain insurance at acceptable rates in the future, and may have a material adverse effect on our financial condition, results of operations and cash flows.

Our goodwill is valued and recorded at an amount that, if impaired and written down, could adversely affect our future operating results and total capitalization.

We have a significant amount of goodwill on our consolidated balance sheet, which, as of December 31, 2017, totaled \$4.4 billion. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the acquisition date. We test our goodwill balances for impairment on an annual basis or whenever events occur or circumstances change that would indicate a potential for impairment. A determination that goodwill is deemed to be impaired would result in a non-cash charge that could materially adversely affect our financial position, results of operations and total capitalization. The annual goodwill impairment test in 2017 resulted in a conclusion that our goodwill was not impaired.

Eversource Energy and its utility subsidiaries are exposed to significant reputational risks, which make them vulnerable to increased regulatory oversight or other sanctions.

Because utility companies, including our electric, natural gas and water utility subsidiaries, have large customer bases, they are subject to adverse publicity focused on the reliability of their distribution services and the speed with which they are able to respond to electric outages, natural gas leaks and similar interruptions caused by storm damage or other unanticipated events. Adverse publicity of this nature could harm the reputations of Eversource Energy and its subsidiaries; may make state legislatures, utility commissions and other regulatory authorities less likely to view them in a favorable light; and may cause them to be subject to less favorable legislative and regulatory outcomes or increased regulatory oversight. Unfavorable regulatory outcomes can include more stringent laws and regulations governing our operations, such as reliability and customer service quality standards or vegetation management requirements, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material adverse effect on the business, financial position, results of operations and cash flows of Eversource Energy and each of its utility subsidiaries.

Limits on our access to and increases in the cost of capital may adversely impact our ability to execute our business plan.

We use short-term debt and the long-term capital markets as a significant source of liquidity and funding for capital requirements not obtained from our operating cash flow. If access to these sources of liquidity becomes constrained, our ability to implement our business strategy could be

adversely affected. In addition, higher interest rates would increase our cost of borrowing, which could adversely impact our results of operations. A downgrade of our credit ratings or events beyond our control, such as a disruption in global capital and credit markets, could increase our cost of borrowing and cost of capital or restrict our ability to access the capital markets and negatively affect our ability to maintain and to expand our businesses.

Our counterparties may not meet their obligations to us or may elect to exercise their termination rights, which could adversely affect our earnings.

We are exposed to the risk that counterparties to various arrangements who owe us money, have contracted to supply us with energy, coal, or other commodities or services, or who work with us as strategic partners, including on significant capital projects, will not be able to perform their obligations, will terminate such arrangements or, with respect to our credit facilities, fail to honor their commitments. Should any of these counterparties fail to perform their obligations or terminate such arrangements, we might be forced to replace the underlying commitment at higher market prices and/or have to delay the completion of, or cancel a capital project. Should any lenders under our credit facilities fail to perform, the level of borrowing capacity under those arrangements could decrease. In any such events, our financial position, results of operations, or cash flows could be adversely affected.

Costs of compliance with environmental laws and regulations may increase and have an adverse effect on our business and results of operations.

Our subsidiaries' operations are subject to extensive federal, state and local environmental statutes, rules and regulations that govern, among other things, air emissions, water quality, water discharges, and the management of hazardous and solid waste. Compliance with these requirements requires us to incur significant costs relating to environmental monitoring, maintenance and upgrading of facilities, remediation and permitting. The costs of compliance with existing legal requirements or legal requirements not yet adopted may increase in the future. An increase in such costs, unless promptly recovered, could have an adverse impact on our business and our financial position, results of operations or cash flows.

For further information, see Item 1, *Business - Other Regulatory and Environmental Matters*, included in this Annual Report on Form 10-K.

Market performance or changes in assumptions may require us to make significant contributions to our pension and other postretirement benefit plans.

We provide a defined benefit pension plan and other postretirement benefits for a substantial number of employees, former employees and retirees. Our future pension obligations, costs and liabilities are highly dependent on a variety of factors beyond our control. These factors include estimated investment returns, interest rates, discount rates, health care cost trends, benefit changes, salary increases and the demographics of plan participants. If our assumptions prove to be inaccurate, our future costs could increase significantly. In addition, various factors, including underperformance of plan investments and changes in law or regulation, could increase the amount of contributions required to fund our pension plan in the future. Additional large funding requirements, when combined with the financing requirements of our construction program, could impact the timing and amount of future financings and negatively affect our financial position, results of operations or cash flows. For further information, see Note 9A, "Employee Benefits - Pensions and Postretirement Benefits Other Than Pensions," to the financial statements.

The loss of key personnel or the inability to hire and retain qualified employees could have an adverse effect on our business, financial position and results of operations.

Our operations depend on the continued efforts of our employees. Retaining key employees and maintaining the ability to attract new employees are important to both our operational and financial performance. We cannot guarantee that any member of our management or any key employee at the Eversource parent or subsidiary level will continue to serve in any capacity for any particular period of time. In addition, a significant portion of our workforce in our subsidiaries, including many workers with specialized skills maintaining and servicing the electric, gas and water infrastructure, will be eligible to retire over the next five to ten years. Such highly skilled individuals cannot be quickly replaced due to the technically complex work they perform. We have developed strategic workforce plans to identify key functions and proactively implement plans to assure a ready and qualified workforce, but cannot predict the impact of these plans on our ability to hire and retain key employees.

As a holding company with no revenue-generating operations, Eversource parent's liquidity is dependent on dividends from its subsidiaries, its commercial paper program, and its ability to access the long-term debt and equity capital markets.

Eversource parent is a holding company and as such, has no revenue-generating operations of its own. Its ability to meet its debt service obligations and to pay dividends on its common shares is largely dependent on the ability of its subsidiaries to pay dividends to or repay borrowings from Eversource parent, and/or Eversource parent's ability to access its commercial paper program or the long-term debt and equity capital markets. Prior to funding Eversource parent, the subsidiary companies have financial obligations that must be satisfied, including among others, their operating expenses, debt service, preferred dividends of certain subsidiaries, and obligations to trade creditors. Additionally, the subsidiary companies could retain their free cash flow to fund their capital expenditures in lieu of receiving equity contributions from Eversource parent. Should the subsidiary companies not be able to pay dividends or repay funds due to Eversource parent, or if Eversource parent cannot access its commercial paper programs or the long-term debt and equity capital markets, Eversource parent's ability to pay interest, dividends and its own debt obligations would be restricted.

Item 1B. Unresolved Staff Comments

We do not have any unresolved SEC staff comments.

Item 2. Properties

Transmission and Distribution System

As of December 31, 2017, Eversource and our electric operating subsidiaries owned the following:

Eversource	Electric Distribution		Electric Transmission	
Number of substations owned	508		74	
Transformer capacity (in kVa)	42,810,000		17,012,000	
Overhead lines (in circuit miles)	40,532		3,947	
Capacity range of overhead transmission lines (in kV)	N/A		69 to 345	
Underground lines (distribution in circuit miles and transmission in cable miles)	17,438		405	
Capacity range of underground transmission lines (in kV)	N/A		69 to 345	

	CL&P		NSTAR Electric		PSNH	
	Distribution	Transmission	Distribution	Transmission	Distribution	Transmission
Number of substations owned	182	20	178	34	148	20
Transformer capacity (in kVa)	19,965,000	3,633,000	17,535,000	7,465,000	5,310,000	5,914,000
Overhead lines (in circuit miles)	16,955	1,673	11,404	1,233	12,173	1,041
Capacity range of overhead transmission lines (in kV)	N/A	69 to 345	N/A	69 to 345	N/A	115 to 345
Underground lines (distribution in circuit miles and transmission in cable miles)	6,639	137	8,875	267	1,924	1
Capacity range of underground transmission lines (in kV)	N/A	69 to 345	N/A	115 to 345	N/A	115

	Eversource	CL&P	NSTAR Electric	PSNH
Underground and overhead line transformers in service	624,472	289,986	170,383	164,103
Aggregate capacity (in kVa)	36,140,835	15,684,715	13,996,195	6,459,925

Electric Generating Plants

As of December 31, 2017, PSNH owned the following electric generating plants:

Type of Plant	Number of Units	Year Installed	Claimed Capability* (kilowatts)
Steam Plants	5	1952-74	934,940
Hydro	20	1901-83	58,951
Internal Combustion	5	1968-70	101,535
Biomass	1	2006	42,594
Total PSNH Generating Plant	31		1,138,020

* Claimed capability represents winter ratings as of December 31, 2017. The combined nameplate capacity of the generating plants is approximately 1,200 MW.

On January 10, 2018, Eversource and PSNH completed the sale of PSNH's thermal generation assets, including the steam, internal combustion and biomass units, above. See Note 12, "Assets Held for Sale," in the accompanying Item 8, *Financial Statements and Supplementary Data* for further information.

As of December 31, 2017, NSTAR Electric owned the following solar power facilities:

Type of Plant	Number of Sites	Year Installed	Claimed Capability** (kilowatts)
Solar Fixed Tilt, Photovoltaic	3	2010-14	8,000

** Claimed capability represents the direct current nameplate capacity of the plant.

CL&P does not own any electric generating plants.

Natural Gas Distribution System

As of December 31, 2017, Yankee Gas owned 28 active gate stations, 197 district regulator stations, and approximately 3,362 miles of natural gas main pipeline. Yankee Gas also owns a liquefaction and vaporization plant and above ground storage tank with a storage capacity equivalent of 1.2 Bcf of natural gas in Waterbury, Connecticut.

As of December 31, 2017, NSTAR Gas owned 21 active gate stations, 166 district regulator stations, and approximately 3,292 miles of natural gas main pipeline. Hopkinton, another subsidiary of Eversource, owns a satellite vaporization plant and above ground storage tanks in Acushnet, MA. In addition, Hopkinton owns a liquefaction and vaporization plant with above ground storage tanks in Hopkinton, MA. Combined, the two plants' tanks have an aggregate storage capacity equivalent to 3.5 Bcf of natural gas that is provided to NSTAR Gas under contract.

Water Distribution System

Aquarion's properties consist of water transmission and distribution mains and associated valves, hydrants and service lines, water treatment plants, pumping facilities, wells, tanks, meters, dams, reservoirs, buildings, and other facilities and equipment used for the operation of our systems, including the collection, treatment, storage, and distribution of water.

As of December 31, 2017, Aquarion owned and operated sources of water supply with a combined yield of approximately 131 million gallons per day; 3,614 miles of transmission and distribution mains; 10 surface water treatment plants; 31 dams; and 106 wellfields.

Franchises

CL&P Subject to the power of alteration, amendment or repeal by the General Assembly of Connecticut and subject to certain approvals, permits and consents of public authority and others prescribed by statute, CL&P has, subject to certain exceptions not deemed material, valid franchises free from burdensome restrictions to provide electric transmission and distribution services in the respective areas in which it is now supplying such service.

In addition to the right to provide electric transmission and distribution services as set forth above, the franchises of CL&P include, among others, limited rights and powers, as set forth under Connecticut law and the special acts of the General Assembly constituting its charter, to manufacture, generate, purchase and/or sell electricity at retail, including to provide Standard Service, Supplier of Last Resort service and backup service, to sell electricity at wholesale and to erect and maintain certain facilities on public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law. The franchises of CL&P include the power of eminent domain.

Connecticut law prohibits an electric distribution company from owning or operating generation assets. However, under "An Act Concerning Electricity and Energy Efficiency," enacted in 2007, an electric distribution company, such as CL&P, is permitted to purchase an existing electric generating plant located in Connecticut that is offered for sale, subject to prior approval from the PURA and a determination by the PURA that such purchase is in the public interest.

NSTAR Electric Through its charter, which is unlimited in time, NSTAR Electric has the right to engage in the business of delivering and selling electricity within its respective service territory, and has the power incidental thereto and is entitled to all the rights and privileges of and subject to the duties imposed upon electric companies under Massachusetts laws. The locations in public ways for electric transmission and distribution lines are obtained from municipal and other state authorities who, in granting these locations, act as agents for the state. In some cases, the actions of these authorities are subject to appeal to the DPU. The rights to these locations are not limited in time and are subject to the action of these authorities and the legislature. Under Massachusetts law, with the exception of municipal-owned utilities, no other entity may provide electric delivery service to retail customers within NSTAR Electric service territory without the written consent of NSTAR Electric. This consent must be filed with the DPU and the municipality so affected. The franchises of NSTAR Electric include the power of eminent domain.

The Massachusetts restructuring legislation defines service territories as those territories actually served on July 1, 1997 and following municipal boundaries to the extent possible.

The restructuring legislation further provides that until terminated by law or otherwise, distribution companies shall have the exclusive obligation to serve all retail customers within their service territories and no other person shall provide distribution service within such service territories without the written consent of such distribution companies. Pursuant to the Massachusetts restructuring legislation, the DPU (then, the Department of Telecommunications and Energy) was required to define service territories for each distribution company, including NSTAR Electric. The DPU subsequently determined that there were advantages to the exclusivity of service territories and issued a report to the Massachusetts Legislature recommending against, in this regard, any changes to the restructuring legislation.

PSNH The NHPUC, pursuant to statutory requirements, has issued orders granting PSNH exclusive franchises to distribute electricity in the respective areas in which it is now supplying such service.

In addition to the right to distribute electricity as set forth above, the franchises of PSNH include, among others, rights and powers to manufacture, generate, purchase, and transmit electricity, to sell electricity at wholesale to other utility companies and municipalities and to erect and maintain certain facilities on certain public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law. PSNH's status as a public utility gives it the ability to petition the NHPUC for the right to exercise eminent domain for distribution services and for transmission eligible for regional cost allocation.

PSNH is also subject to certain regulatory oversight by the Maine Public Utilities Commission and the Vermont Public Utility Commission.

NSTAR Gas Through its charter, which is unlimited in time, NSTAR Gas has the right to engage in the business of delivering and selling natural gas within its respective service territory, and has the power incidental thereto and is entitled to all the rights and privileges of and subject to the duties imposed upon natural gas companies under Massachusetts laws. The locations in public ways for natural gas distribution pipelines are obtained from municipal and other state authorities who, in granting these locations, act as agents for the state. In some cases, the actions of these authorities are subject to appeal to the DPU. The rights to these locations are not limited in time and are subject to the action of these authorities and the legislature. Under Massachusetts law, with the exception of municipal-owned utilities, no other entity may provide natural gas delivery service to retail customers within the NSTAR Gas service territory without the written consent of NSTAR Gas. This consent must be filed with the DPU and the municipality so affected.

Yankee Gas Yankee Gas holds valid franchises to sell natural gas in the areas in which Yankee Gas supplies natural gas service, which it acquired either directly or from its predecessors in interest. Generally, Yankee Gas holds franchises to serve customers in areas designated by those franchises as well as in most other areas throughout Connecticut so long as those areas are not occupied and served by another natural gas utility under a valid franchise of its own or are not subject to an exclusive franchise of another natural gas utility or by consent. Yankee Gas' franchises are perpetual but remain subject to the power of alteration, amendment or repeal by the General Assembly of the State of Connecticut, the power of revocation by the PURA and certain approvals, permits and consents of public authorities and others prescribed by statute. Generally, Yankee Gas' franchises include, among other rights and powers, the right and power to manufacture, generate, purchase, transmit and distribute natural gas and to erect and maintain certain facilities on public highways and grounds, and the right of eminent domain, all subject to such consents and approvals of public authorities and others as may be required by law.

Aquarion Water Company of Connecticut AWC-CT derives its rights and franchises to operate from special acts of the Connecticut General Assembly and subject to certain approvals, permits and consents of public authority and others prescribed by statute and by its charter, AWC-CT has, with minor exceptions, solid franchises free from burdensome restrictions and unlimited as to time, and is authorized to sell potable water in the towns (or parts thereof) in which water is now being supplied by AWC-CT.

In addition to the right to sell water as set forth above, the franchises of AWC-CT include rights and powers to erect and maintain certain facilities on public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law. Under the Connecticut General Statutes, AWC-CT may, upon payment of compensation, take and use such lands, springs, streams or ponds, or such rights or interests therein as the Connecticut Superior Court, upon application, may determine is necessary to enable AWC-CT to supply potable water for public or domestic use in its franchise areas.

Aquarion Water Company of Massachusetts Through its charters, which are unlimited in time, AWC-MA has the right to engage in the business of distributing and selling water within its service territories, and has the power incidental thereto and is entitled to all the rights and privileges of and subject to the duties imposed upon water companies under Massachusetts laws. AWC-MA has the right to construct and maintain its mains and distribution pipes in and under any public ways and to take and hold water within its respective service territories. Subject to DPU regulation, AWC-MA has the right to establish and fix rates for use of the water distributed and to establish reasonable regulations regarding same. Certain of the towns within our service area have the right, at any time, to purchase the corporate property and all rights and privileges of AWC-MA according to pricing formulas and procedures specifically described in AWC-MA's respective charters and in compliance with Massachusetts law.

Aquarion Water Company of New Hampshire The NHPUC, pursuant to statutory law, has issued orders granting and affirming AWC-NH's exclusive franchise to own, operate, and manage plant and equipment and any part of the same, for the conveyance of water for the public located within its franchise territory. That franchise territory encompasses the towns of Hampton, North Hampton and Rye. Subject to NHPUC's regulations, AWC-NH has the right to establish and fix rates for use of the water distributed and to establish reasonable regulations regarding the same.

In addition to the right to provide water supply, the franchise also allows AWC-NH to sell water at wholesale to other water utilities and municipalities and to construct plant and equipment and maintain such plant and equipment on certain public highways and grounds, all subject to such consents and approvals of public authority and others as may be required by law.

AWC-NH's status as a regulated public utility gives it the ability to petition the NHPUC for the right to exercise eminent domain for the establishment of plant and equipment. It can also petition the NHPUC for exemption from the operation of any local ordinance when certain utility structures are reasonably necessary for the convenience or welfare of the public and the local conditions, and, if the purpose of the structure relates to water supply withdrawal, the exemption is recommended by the New Hampshire Department of Environmental Services.

Item 3. Legal Proceedings

1. Yankee Companies v. U.S. Department of Energy

DOE Phase I Damages - In 1998, the Yankee Companies filed separate complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal by January 31, 1998 pursuant to the terms of the 1983 spent fuel and high-level waste disposal contracts between the Yankee Companies and the DOE ("DOE Phase I Damages"). Phase I covered damages for the years 1998 through 2002. Following multiple appeals and cross-appeals in December 2012, the judgment awarding \$39.6 million, \$38.3 million and \$81.7 million to CYAPC, YAEC and MYAPC, respectively, became final.

In January 2013, the proceeds from the DOE Phase I Damages Claim were received by the Yankee Companies and transferred to each Yankee Company's respective decommissioning trust.

In June 2013, FERC approved CYAPC, YAEC and MYAPC to reduce rates in their wholesale power contracts through the application of the DOE proceeds for the benefit of customers. Changes to the terms of the wholesale power contracts became effective on July 1, 2013. In accordance with the FERC order, CL&P, NSTAR Electric and PSNH began receiving the benefit of the DOE proceeds, and the benefits have been passed on to customers.

On September 17, 2014, in accordance with the MYAPC refund plan, MYAPC returned a portion of the DOE Phase I Damages proceeds to the member companies, including CL&P, NSTAR Electric and PSNH, in the amount of \$3.2 million, \$1.9 million and \$1.4 million, respectively.

DOE Phase II Damages - In December 2007, the Yankee Companies each filed subsequent lawsuits against the DOE seeking recovery of actual damages incurred related to the alleged failure of the DOE to provide for a permanent facility to store spent nuclear fuel generated in years 2001 through 2008 for CYAPC and YAEC and from 2002 through 2008 for MYAPC ("DOE Phase II Damages"). In November 2013, the court issued a final judgment awarding \$126.3 million, \$73.3 million, and \$35.8 million to CYAPC, YAEC and MYAPC, respectively. On January 14, 2014, the Yankee Companies received a letter from the U.S. Department of Justice stating that the DOE will not appeal the court's final judgment.

In March and April 2014, CYAPC, YAEC and MYAPC received payment of \$126.3 million, \$73.3 million and \$35.8 million, respectively, of the DOE Phase II Damages proceeds and made the required informational filing with FERC in accordance with the process and methodology outlined in the 2013 FERC order. The Yankee Companies returned the DOE Phase II Damages proceeds to the member companies, including CL&P, NSTAR Electric and PSNH, for the benefit of their respective customers, on June 1, 2014. Refunds to CL&P's, NSTAR Electric's and PSNH's customers for these DOE proceeds began in the third quarter of 2014 and all refunds under these proceedings have been disbursed.

DOE Phase III Damages - In August 2013, the Yankee Companies each filed subsequent lawsuits against the DOE seeking recovery of actual damages incurred in the years 2009 through 2012 ("DOE Phase III"). The DOE Phase III trial concluded on July 1, 2015, followed by a post-trial briefing that concluded on October 4, 2015. On March 25, 2016, the court issued its decision and awarded CYAPC, YAEC and MYAPC damages of \$32.6 million, \$19.6 million and \$24.6 million, respectively. In total, the Yankee Companies were awarded \$76.8 million of the \$77.9 million in damages sought in the DOE Phase III. The decision became final on July 18, 2016, and the Yankee Companies received the awards from the DOE on October 14, 2016. The Yankee Companies received FERC approval of their proposed distribution of certain amounts of the awarded damages proceeds to member companies, including CL&P, NSTAR Electric and PSNH, which CYAPC and MYAPC made in December 2016. MYAPC also refunded \$56.5 million from its spent nuclear fuel trust, a portion of which was also refunded to the Eversource utility subsidiaries. In total, Eversource received \$26.1 million, of which CL&P, NSTAR Electric and PSNH received \$13.6 million, \$8.6 million and \$3.9 million, respectively. All refunds under these proceedings have been disbursed.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking monetary damages totaling approximately \$100 million for CYAPC, YAEC and MYAPC, resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal covering the years from 2013 to 2016 ("DOE Phase IV"). The DOE Phase IV trial is expected to begin in 2018.

2. Other Legal Proceedings

For further discussion of legal proceedings, see Item 1, *Business*: "- Electric Distribution Segment," "- Electric Transmission Segment," and "- Natural Gas Distribution Segment" for information about various state and federal regulatory and rate proceedings, civil lawsuits related thereto, and information about proceedings relating to power, transmission and pricing issues; "- Nuclear Fuel Storage" for information related to nuclear waste; and "- Other Regulatory and Environmental Matters" for information about proceedings involving water and air quality requirements, toxic substances and hazardous waste, electric and magnetic fields, and other matters. In addition, see Item 1A, *Risk Factors*, for general information about several significant risks.

Item 4. Mine Safety Disclosures

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the executive officers of Eversource Energy as of February 23, 2018. All of the Company's officers serve terms of one year and until their successors are elected and qualified:

Name	Age	Title
James J. Judge	62	President and Chief Executive Officer
Philip J. Lembo	62	Executive Vice President and Chief Financial Officer
Gregory B. Butler	60	Executive Vice President and General Counsel
Christine M. Carmody	55	Executive Vice President-Human Resources and Information Technology
Joseph R. Nolan, Jr.	54	Executive Vice President-Customer and Corporate Relations
Leon J. Olivier	70	Executive Vice President-Enterprise Energy Strategy and Business Development
Werner J. Schweiger	58	Executive Vice President and Chief Operating Officer
Jay S. Buth	48	Vice President, Controller and Chief Accounting Officer

James J. Judge. Mr. Judge has served as Chairman of the Board, President and Chief Executive Officer of Eversource Energy since May 3, 2017; as a Trustee of Eversource Energy and as Chairman of CL&P, NSTAR Electric and PSNH since May 4, 2016; and as Chairman, President and Chief Executive Officer of Eversource Service and Chairman of NSTAR Gas and Yankee Gas since May 9, 2016. Mr. Judge has served as a Director of CL&P, PSNH, Yankee Gas and Eversource Service since April 10, 2012; and of NSTAR Electric and NSTAR Gas since September 27, 1999. Previously, Mr. Judge served as President and Chief Executive Officer of Eversource Energy from May 4, 2016 until May 3, 2017; as Chairman of WMECO from May 4, 2016 until December 31, 2017; as a Director of WMECO from April 10, 2012 until December 31, 2017; and as Executive Vice President and Chief Financial Officer of Eversource Energy, CL&P, NSTAR Electric, PSNH and WMECO from April 10, 2012 until May 4, 2016; of NSTAR Gas, Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Judge serves as a director of Analogic Corporation and as chairman of its audit committee. He serves on the Board of Directors of the Edison Electric Institute and the Massachusetts Competitive Partnership. He has also served on the Board of Directors of the United Way of Massachusetts Bay and Merrimack Valley. Mr. Judge has served as Chairman of the Board of Eversource Energy Foundation, Inc. since May 9, 2016; and as a Director since April 10, 2012. He previously served as Treasurer of the Eversource Energy Foundation, Inc. from May 10, 2012 until May 9, 2016. He has served as a Trustee of the NSTAR Foundation since December 12, 1995.

Philip J. Lembo. Mr. Lembo has served as Executive Vice President and Chief Financial Officer of Eversource Energy since May 3, 2017; and of CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since March 31, 2017. Mr. Lembo has served as a Director of CL&P, NSTAR Electric and PSNH since May 4, 2016; and of NSTAR Gas, Yankee Gas and Eversource Service since May 9, 2016. Mr. Lembo previously served as Executive Vice President and Chief Financial Officer of WMECO from May 3, 2017 until December 31, 2017; as a Director of WMECO from May 4, 2016 until December 31, 2017; as Executive Vice President, Chief Financial Officer and Treasurer of Eversource Energy from August 8, 2016 until May 3, 2017; of CL&P, NSTAR Electric, PSNH, WMECO, NSTAR Gas, Yankee Gas and Eversource Service from August 8, 2016 until March 31, 2017; as Senior Vice President, Chief Financial Officer and Treasurer of Eversource Energy, CL&P, NSTAR Electric, PSNH and WMECO from May 4, 2016 until August 8, 2016; and of NSTAR Gas, Yankee Gas and Eversource Service from May 9, 2016 until August 8, 2016; as Vice President and Treasurer of Eversource Energy, CL&P, PSNH and WMECO from April 10, 2012 until May 4, 2016; and of Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Lembo served as Vice President and Treasurer of NSTAR Electric and NSTAR Gas from March 29, 2006 until May 4, 2016. Mr. Lembo has served as a Director of Eversource Energy Foundation, Inc. since May 9, 2016. He previously served as Treasurer of Eversource Energy Foundation, Inc. from May 9, 2016 until March 31, 2017. He has served as a Trustee of the NSTAR Foundation since May 9, 2016.

Gregory B. Butler. Mr. Butler has served as Executive Vice President and General Counsel of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since August 8, 2016. Mr. Butler has served as a Director of NSTAR Electric and NSTAR Gas since April 10, 2012; of Eversource Service since November 27, 2012; and of CL&P, PSNH and Yankee Gas since April 22, 2009. Mr. Butler previously served as Executive Vice President and General Counsel of WMECO from August 8, 2016 until December 31, 2017; as a Director of WMECO from April 22, 2009 until December 31, 2017; as Senior Vice President and General Counsel of Eversource Energy from May 1, 2014 until August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 8, 2016; of CL&P, PSNH, WMECO, Yankee Gas and Eversource Service from March 9, 2006 until August 8, 2016; and as Senior Vice President, General Counsel and Secretary of Eversource Energy from April 10, 2012 until May 1, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since December 1, 2002. He has been a Trustee of the NSTAR Foundation since April 10, 2012.

Christine M. Carmody. Ms. Carmody has served as Executive Vice President-Human Resources and Information Technology of Eversource Energy and Eversource Service since August 8, 2016. Ms. Carmody has served as a Director of Eversource Service since November 27, 2012. Previously Ms. Carmody served as Senior Vice President-Human Resources of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 until August 8, 2016; as Senior Vice President-Human Resources of CL&P, PSNH, WMECO and Yankee Gas from November 27, 2012 until September 29, 2014; of NSTAR Electric and NSTAR Gas from August 1, 2008 until September 29, 2014; and as a Director of CL&P, PSNH, WMECO and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014. Ms. Carmody has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012. She has served as a Trustee of the NSTAR Foundation since August 1, 2008.

Joseph R. Nolan, Jr. Mr. Nolan has served as Executive Vice President-Customer and Corporate Relations of Eversource Energy and Eversource Service since August 8, 2016. Mr. Nolan has served as a Director of Eversource Service since November 27, 2012. Previously Mr. Nolan served as Senior Vice President-Corporate Relations of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 until August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until September 29, 2014; and of CL&P, PSNH, WMECO and Yankee Gas from November 27, 2012 until September 29, 2014. Mr. Nolan previously served as a Director of CL&P, PSNH, WMECO and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29,

2014. Mr. Nolan has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012, and as Executive Director of Eversource Energy Foundation, Inc. since October 15, 2013. He has served as a Trustee of the NSTAR Foundation since October 1, 2000.

Leon J. Olivier. Mr. Olivier has served as Executive Vice President-Enterprise Energy Strategy and Business Development of Eversource Energy since September 2, 2014; and of Eversource Service since August 11, 2014. Mr. Olivier has served as a Director of Eversource Service since January 17, 2005. Mr. Olivier previously served as Executive Vice President and Chief Operating Officer of Eversource Energy from May 13, 2008 until September 2, 2014; of Eversource Service from May 13, 2008 until August 11, 2008; as Chief Executive Officer of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 11, 2014; of CL&P, PSNH, WMECO and Yankee Gas from January 15, 2007 until August 11, 2014; and of CL&P from September 10, 2001 until September 29, 2014; as a Director of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014; of PSNH, WMECO and Yankee Gas from January 17, 2005 until September 29, 2014; and of CL&P from September 10, 2001 until September 29, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since April 1, 2006. Mr. Olivier has served as a Trustee of the NSTAR Foundation since April 10, 2012.

Werner J. Schweiger. Mr. Schweiger has served as Executive Vice President and Chief Operating Officer of Eversource Energy since September 2, 2014; of Eversource Service since August 11, 2014; and as Chief Executive Officer of CL&P, NSTAR Electric, NSTAR Gas, PSNH and Yankee Gas since August 11, 2014. Mr. Schweiger has served as a Director of Eversource Service, NSTAR Gas and Yankee Gas since September 29, 2014; and of CL&P, PSNH and NSTAR Electric since May 28, 2013. He previously served as Chief Executive Officer of WMECO from August 11, 2014 until December 31, 2017; as a Director of WMECO from May 28, 2013 until December 31, 2017; as President of CL&P from June 2, 2015 until June 27, 2016; as President of NSTAR Gas and Yankee Gas from September 29, 2014 until November 10, 2014; as President-Electric Distribution of Eversource Service from January 16, 2013 until August 11, 2014; as President of NSTAR Electric from April 10, 2012 until January 16, 2013; and as a Director of NSTAR Electric from November 27, 2012 until January 16, 2013. Mr. Schweiger has served as a Director of Eversource Energy Foundation, Inc. since September 29, 2014. He has served as a Trustee of the NSTAR Foundation since September 29, 2014.

Jay S. Buth. Mr. Buth has served as Vice President, Controller and Chief Accounting Officer of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since April 10, 2012. Previously, Mr. Buth served as Vice President, Controller and Chief Accounting Officer of WMECO from April 10, 2012 until December 31, 2017; and as Vice President-Accounting and Controller of Eversource Energy, CL&P, PSNH, WMECO, Yankee Gas and Eversource Service from June 9, 2009 until April 10, 2012.

PART II

Item 5. Market for the Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information and (c) Dividends

Eversource. Our common shares are listed on the New York Stock Exchange. The ticker symbol is "ES." The high and low sales prices of our common shares and the dividends declared, for the past two years, by quarter, are shown below.

Year	Quarter	High	Low	Dividends Declared
2017	First	\$ 60.36	\$ 54.08	\$ 0.4750
	Second	63.34	58.11	0.4750
	Third	64.19	59.55	0.4750
	Fourth	66.15	59.59	0.4750
2016	First	\$ 58.81	\$ 50.01	\$ 0.4450
	Second	59.95	53.90	0.4450
	Third	60.44	53.08	0.4450
	Fourth	55.74	50.56	0.4450

Information with respect to dividend restrictions for us, CL&P, NSTAR Electric and PSNH is contained in Item 8, *Financial Statements and Supplementary Data*, in the *Combined Notes to Financial Statements*, within this Annual Report on Form 10-K.

There is no established public trading market for the common stock of CL&P, NSTAR Electric and PSNH. All of the common stock of CL&P, NSTAR Electric and PSNH is held solely by Eversource.

Common stock dividends approved and paid to Eversource during the year were as follows:

(Millions of Dollars)	For the Years Ended December 31,	
	2017	2016
CL&P	\$ 254.8	\$ 199.6
NSTAR Electric	272.0	316.3
PSNH ⁽¹⁾	23.9	77.6

⁽¹⁾ The 2017 amount does not include \$150.0 million of dividends declared but not paid as of December 31, 2017.

(b) Holders

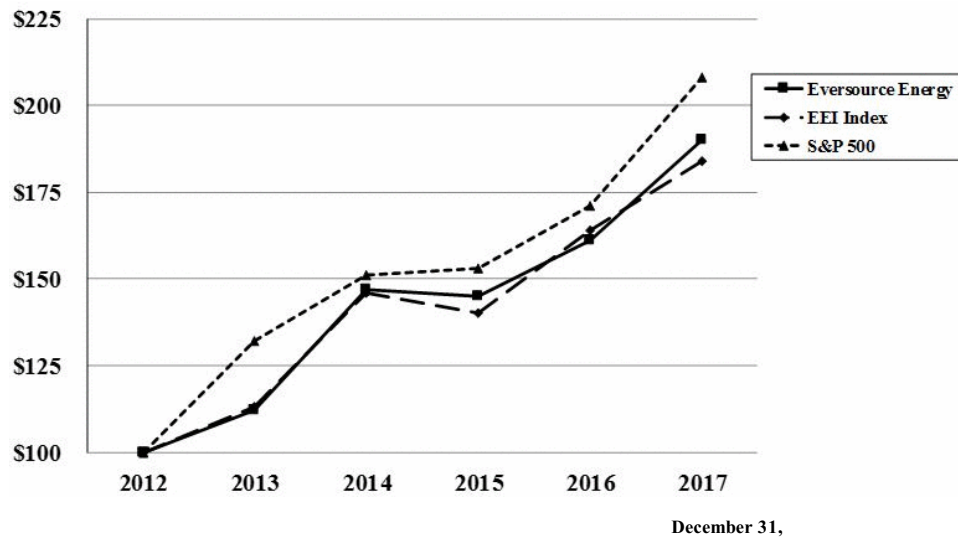
As of January 31, 2018, there were 37,428 registered common shareholders of our company on record. As of the same date, there were a total of 316,885,808 shares issued.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

For information regarding securities authorized for issuance under equity compensation plans, see Item 12, *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*, included in this Annual Report on Form 10-K.

(e) Performance Graph

The performance graph below illustrates a five-year comparison of cumulative total returns based on an initial investment of \$100 in 2012 in Eversource Energy common stock, as compared with the S&P 500 Stock Index and the EEI Index for the period 2012 through 2017, assuming all dividends are reinvested.



	2012	2013	2014	2015	2016	2017
Eversource Energy	\$100	\$112	\$147	\$145	\$161	\$190
EEI Index	\$100	\$113	\$146	\$140	\$164	\$184
S&P 500	\$100	\$132	\$151	\$153	\$171	\$208

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table discloses purchases of our common shares made by us or on our behalf for the periods shown below. The common shares purchased consist of open market purchases made by the Company or an independent agent. These share transactions related to shares awarded under the Company's Incentive Plan and Dividend Reinvestment Plan and matching contributions under the Eversource 401k Plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)
October 1 - October 31, 2017	101,737	\$ 60.52	—	—
November 1 - November 30, 2017	6,411	64.22	—	—
December 1 - December 31, 2017	190,873	62.86	—	—
Total	299,021	\$ 62.09	—	—

Item 6. Selected Consolidated Financial Data

Eversource Selected Consolidated Financial Data (Unaudited)

(Thousands of Dollars, except percentages and common share information)

	2017	2016	2015	2014	2013
Balance Sheet Data:					
Property, Plant and Equipment, Net	\$ 23,617,463	\$ 21,350,510	\$ 19,892,441	\$ 18,647,041	\$ 17,576,186
Total Assets	36,220,386	32,053,173	30,580,309	29,740,387	27,760,315
Common Shareholders' Equity	11,086,242	10,711,734	10,352,215	9,976,815	9,611,528
Noncontrolling Interest - Preferred Stock of Subsidiaries	155,570	155,568	155,568	155,568	155,568
Long-Term Debt ^(a)	12,325,520	9,603,237	9,034,457	8,851,600	8,310,179
Obligations Under Capital Leases ^(a)	9,898	8,924	8,222	9,434	10,744
Income Statement Data:					
Operating Revenues	\$ 7,751,952	\$ 7,639,129	\$ 7,954,827	\$ 7,741,856	\$ 7,301,204
Net Income	\$ 995,515	\$ 949,821	\$ 886,004	\$ 827,065	\$ 793,689
Net Income Attributable to Noncontrolling Interests	7,519	7,519	7,519	7,519	7,682
Net Income Attributable to Common Shareholders	\$ 987,996	\$ 942,302	\$ 878,485	\$ 819,546	\$ 786,007
Common Share Data:					
Net Income Attributable to Common Shareholders:					
Basic Earnings Per Common Share	\$ 3.11	\$ 2.97	\$ 2.77	\$ 2.59	\$ 2.49
Diluted Earnings Per Common Share	\$ 3.11	\$ 2.96	\$ 2.76	\$ 2.58	\$ 2.49
Dividends Declared Per Common Share	\$ 1.90	\$ 1.78	\$ 1.67	\$ 1.57	\$ 1.47
Market Price - Closing (end of year) ^(b)	\$ 63.18	\$ 55.23	\$ 51.07	\$ 53.52	\$ 42.39
Book Value Per Common Share (end of year)	\$ 34.98	\$ 33.80	\$ 32.64	\$ 31.47	\$ 30.49
Tangible Book Value Per Common Share (end of year) ^(c)	\$ 21.00	\$ 22.70	\$ 21.54	\$ 20.37	\$ 19.32
Rate of Return Earned on Average Common Equity (%) ^(d)	9.1	9.0	8.7	8.4	8.3
Market-to-Book Ratio (end of year) ^(e)	1.8	1.6	1.6	1.7	1.4

CL&P Selected Financial Data (Unaudited)

(Thousands of Dollars)

	2017	2016	2015	2014	2013
Balance Sheet Data:					
Property, Plant and Equipment, Net	\$ 8,271,030	\$ 7,632,392	\$ 7,156,809	\$ 6,809,664	\$ 6,451,259
Total Assets	10,630,246	10,035,044	9,592,957	9,344,400	8,965,906
Common Stockholder's Equity	3,587,127	3,470,387	3,140,717	2,936,767	2,702,494
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200	116,200	116,200	116,200
Long-Term Debt ^(a)	3,059,135	2,766,010	2,763,682	2,841,951	2,741,208
Obligations Under Capital Leases ^(a)	5,711	6,767	7,624	8,439	9,309
Income Statement Data:					
Operating Revenues	2,887,359	2,805,955	2,802,675	2,692,582	2,442,341
Net Income	376,726	334,254	299,360	287,754	279,412
Common Stock Data:					
Cash Dividends on Common Stock	254,800	199,599	196,000	171,200	151,999

^(a) Includes portions due within one year.

^(b) Market price information reflects closing prices as reflected by the New York Stock Exchange.

^(c) Common Shareholders' Equity adjusted for goodwill and intangibles divided by total common shares outstanding.

^(d) Net Income Attributable to Common Shareholders divided by average Common Shareholders' Equity.

^(e) The closing market price divided by the book value per share.

See the *Combined Notes to Financial Statements* in this Annual Report on Form 10-K for a description of the acquisition of Aquarion on December 4, 2017, the classification as held for sale of PSNH's thermal and hydroelectric generating assets as result of generation divestiture, and any accounting changes materially affecting the comparability of the information reflected in the tables above.

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

EVERSOURCE ENERGY AND SUBSIDIARIES

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related combined notes included in this combined Annual Report on Form 10-K. References in this Annual Report on Form 10-K to "Eversource," the "Company," "we," "us," and "our" refer to Eversource Energy and its consolidated subsidiaries. All per-share amounts are reported on a diluted basis. The consolidated financial statements of Eversource, NSTAR Electric and PSNH and the financial statements of CL&P are herein collectively referred to as the "financial statements."

Refer to the Glossary of Terms included in this combined Annual Report on Form 10-K for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of Eversource. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities of such business but rather represent a direct interest in our assets and liabilities, as a whole. EPS by business is a financial measure not recognized under GAAP that is calculated by dividing the Net Income Attributable to Common Shareholders of each business by the weighted average diluted Eversource common shares outstanding for the period. The discussion below also includes non-GAAP financial measures referencing our 2015 earnings and EPS excluding certain integration costs incurred by Eversource parent and our Electric and Natural Gas companies. We use these non-GAAP financial measures to evaluate and to provide details of earnings by business and to more fully compare and explain our 2017, 2016 and 2015 results without including the impact of these items. Due to the nature and significance of these items on Net Income Attributable to Common Shareholders, we believe that the non-GAAP presentation is a meaningful representation of our financial performance and provides additional and useful information to readers of this report in analyzing historical and future performance by business. These non-GAAP financial measures should not be considered as an alternative to reported Net Income Attributable to Common Shareholders or EPS determined in accordance with GAAP as an indicator of operating performance.

Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP measures of consolidated diluted EPS and Net Income Attributable to Common Shareholders are included under "Financial Condition and Business Analysis – Overview – Consolidated" and "Financial Condition and Business Analysis – Overview – Electric and Natural Gas Companies" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*, herein.

The results of Aquarion and its subsidiaries, hereinafter referred to as "Aquarion," are included from the date of the acquisition, December 4, 2017, through December 31, 2017 throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Financial Condition and Business Analysis

Executive Summary

Results and Future Outlook:

- We earned \$988.0 million, or \$3.11 per share, in 2017, compared with \$942.3 million, or \$2.96 per share, in 2016.
- Our electric distribution segment, which includes generation results, earned \$497.4 million, or \$1.57 per share, in 2017, compared with \$462.8 million, or \$1.46 per share, in 2016. Our electric transmission segment earned \$391.9 million, or \$1.23 per share, in 2017, compared with \$370.8 million, or \$1.16 per share, in 2016. Our natural gas distribution segment earned \$74.6 million, or \$0.23 per share, in 2017, compared with \$77.7 million, or \$0.24 per share, in 2016.
- Eversource parent and other companies earned \$24.1 million, or \$0.08 per share, in 2017, compared with \$31.0 million, or \$0.10 per share, in 2016.
- We currently project 2018 earnings of between \$3.20 per share and \$3.30 per share.

Liquidity:

- Cash flows provided by operating activities totaled \$2.0 billion in 2017, compared with \$2.2 billion in 2016. Investments in property, plant and equipment totaled \$2.3 billion in 2017 and \$2.0 billion in 2016. Cash and cash equivalents totaled \$38.2 million as of December 31, 2017, compared with \$30.3 million as of December 31, 2016.
- In 2017, we issued \$2.5 billion of new long-term debt, consisting of \$1.2 billion by Eversource parent, \$700 million by NSTAR Electric, \$525 million by CL&P and \$75 million by Yankee Gas. Proceeds from these new issuances were used primarily to pay short-term borrowings and repay long-term debt at maturity. In 2017, Eversource, NSTAR Electric, CL&P, PSNH and NSTAR Gas repaid, at maturity, \$745 million, \$400 million, \$250 million, \$70 million and \$25 million, respectively, of previously issued long-term debt.

- In 2017, we paid cash dividends on common shares of \$602.1 million, compared with \$564.5 million in 2016. On February 7, 2018, our Board of Trustees approved a common share dividend of \$0.505 per share, payable on March 30, 2018 to shareholders of record as of March 6, 2018. The 2018 dividend represents an increase of 6.3 percent over the dividend paid in December 2017, and is the equivalent to dividends on common shares of approximately \$640 million on an annual basis.
- We project to make capital expenditures of \$10.8 billion from 2018 through 2021, of which we expect \$5.7 billion to be in our electric and natural gas distribution segments, \$4.1 billion to be in our electric transmission segment and \$0.4 billion to be in our water utility business. We also project to invest \$0.5 billion in information technology and facilities upgrades and enhancements. These projections do not include any expected investments related to Bay State Wind.

Strategic Items:

- On January 25, 2018, Northern Pass was selected from the 46 proposals submitted as the winning bidder in the Massachusetts clean energy request for proposal ("RFP"), which successfully positioned Northern Pass to provide a firm delivery of hydropower to Massachusetts. Northern Pass is Eversource's planned 1,090 MW HVDC transmission line from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire. On February 1, 2018, the New Hampshire Site Evaluation Committee ("NHSEC") voted to deny Northern Pass' siting application. We intend to seek reconsideration of the NHSEC's decision and to review all options for moving this critical clean energy project forward. As of December 31, 2017, we have approximately \$277 million in capitalized costs associated with Northern Pass.
- On December 20, 2017, Bay State Wind submitted two proposals, one for 400 MW and the other for 800 MW, in response to the Massachusetts clean energy RFP.
- On December 4, 2017, Eversource completed the acquisition of Aquarion (formerly Macquarie Utilities Inc.) from Macquarie Infrastructure Partners for \$1.675 billion, consisting of approximately \$880 million in cash and \$795 million of assumed debt. As a result, Aquarion became a wholly-owned subsidiary of Eversource.

Legislative, Regulatory, Policy and Other Items:

- On November 30, 2017, the DPU issued its decision in the NSTAR Electric distribution rate case, which approved an annual distribution rate increase of \$37 million, with rates effective February 1, 2018. As a result of this decision, we recognized an aggregate \$44.1 million pre-tax benefit to earnings in 2017. On January 3, 2018, NSTAR Electric filed a motion to reflect a revenue requirement reduction of \$56 million due to the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act", resulting in an annual net decrease in rates of \$19 million.
- On January 11, 2018, CL&P filed a distribution rate case settlement agreement for approval with PURA, which included, among other things, rate increases of \$97.1 million, \$32.7 million and \$24.7 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, and 53 percent common equity in CL&P's capital structure. The rate increases associated with the settlement agreement will be reduced by the impact of the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act", which we currently estimate to average approximately \$45 million to \$50 million per year.
- On December 22, 2017, the "Tax Cuts and Jobs Act" (the "Act") became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, the Act reduced the federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. As of December 31, 2017, we estimated approximately \$2.9 billion of provisional regulated excess ADIT liabilities that we expect to benefit our customers in future periods. The ultimate amount and timing of when certain income tax benefits resulting from the Act benefit our customers will vary by jurisdiction.
- On January 10, 2018, PSNH completed the sale of its thermal generation facilities. In accordance with the Purchase and Sale Agreement, the original purchase price of \$175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling \$40.9 million, resulting in net proceeds of \$134.1 million. We are targeting for PSNH to complete the sale of its hydroelectric generation facilities by the end of the first quarter of 2018.

Overview

Consolidated: Below is a summary of our earnings by business, which also reconciles the non-GAAP financial measure of EPS by business to the most directly comparable GAAP measure of diluted EPS, for the years ended December 31, 2017, 2016 and 2015. Also included in the summary for the year ended December 31, 2015, is a reconciliation of the non-GAAP financial measure of consolidated non-GAAP earnings to the most directly comparable GAAP measure of consolidated Net Income Attributable to Common Shareholders.

	For the Years Ended December 31,					
	2017		2016		2015	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
(Millions of Dollars, Except Per Share Amounts)						
Net Income Attributable to Common Shareholders (GAAP)	\$ 988.0	\$ 3.11	\$ 942.3	\$ 2.96	\$ 878.5	\$ 2.76
Electric and Natural Gas Companies	\$ 963.9	\$ 3.03	\$ 911.3	\$ 2.86	\$ 884.8	\$ 2.78
Eversource Parent and Other Companies	24.1	0.08	31.0	0.10	9.5	0.03
Non-GAAP Earnings	N/A	N/A	N/A	N/A	894.3	2.81
Integration Costs (after-tax) ⁽¹⁾	—	—	—	—	(15.8)	(0.05)
Net Income Attributable to Common Shareholders (GAAP)	\$ 988.0	\$ 3.11	\$ 942.3	\$ 2.96	\$ 878.5	\$ 2.76

(1) The 2015 integration costs were associated with our branding efforts and severance costs.

Electric and Natural Gas Companies: Our electric and natural gas companies consist of the electric distribution (including PSNH's generation facilities and NSTAR Electric's solar power facilities), electric transmission and natural gas distribution segments. A summary of our segment earnings and EPS is as follows:

	For the Years Ended December 31,					
	2017		2016		2015	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
(Millions of Dollars, Except Per Share Amounts)						
Electric Distribution	\$ 497.4	\$ 1.57	\$ 462.8	\$ 1.46	\$ 507.9	\$ 1.59
Electric Transmission	391.9	1.23	370.8	1.16	304.5	0.96
Natural Gas Distribution	74.6	0.23	77.7	0.24	72.4	0.23
Non-GAAP Earnings	N/A	N/A	N/A	N/A	884.8	2.78
Integration Costs (after-tax) ⁽¹⁾	—	—	—	—	(0.8)	—
Net Income - Electric and Natural Gas Companies	\$ 963.9	\$ 3.03	\$ 911.3	\$ 2.86	\$ 884.0	\$ 2.78

(1) The 2015 Electric and Natural Gas Companies' integration costs include severance in connection with cost saving initiatives.

Our electric distribution segment earnings increased \$34.6 million in 2017, as compared to 2016, due primarily to a lower effective tax rate, lower non-tracked operations and maintenance expense, higher lost base revenues at NSTAR Electric and higher distribution revenues at CL&P due in part to a higher rate base for the system resiliency program, partially offset by higher depreciation expense, lower sales volumes primarily driven by the mild summer weather in 2017, as compared to 2016 (primarily at NSTAR Electric), and higher property tax expense.

Our electric transmission segment earnings increased \$21.1 million in 2017, as compared to 2016, due primarily to a higher transmission rate base as a result of our continued investment in our transmission infrastructure, partially offset by the absence in 2017 of the FERC-allowed recovery of certain previously expensed merger-related costs in 2016, and a lower benefit in the second quarter of 2017 related to the annual billing and cost reconciliation filing with the FERC.

Our natural gas distribution segment earnings decreased \$3.1 million in 2017, as compared to 2016, due primarily to higher depreciation expense, lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016, higher non-tracked operations and maintenance expense, and higher property tax expense, partially offset by higher sales volumes driven by colder winter weather in the fourth quarter of 2017, as compared to 2016.

Eversource Parent and Other Companies: Eversource parent and other companies earned \$24.1 million in 2017, compared with \$31.0 million in 2016. The decrease in earnings was due primarily to a higher effective tax rate, higher interest expense and the absence in 2017 of the earnings and gain on the sale of an unregulated business in 2016. These decreases were partially offset by the 2017 DPU-allowed recovery of certain previously expensed merger-related costs in NSTAR Electric's distribution rates, and increased gains on investments recorded in 2017.

Electric and Natural Gas Sales Volumes: Weather, fluctuations in energy supply costs, conservation measures (including utility-sponsored energy efficiency programs), and economic conditions affect customer energy usage. Industrial sales volumes are less sensitive to temperature variations than residential and commercial sales volumes. In our service territories, weather impacts electric sales volumes during the summer and both electric and natural gas sales volumes during the winter; however, natural gas sales volumes are more sensitive to temperature variations than are electric sales volumes. Customer heating or cooling usage may not directly correlate with historical levels or with the level of degree-days that occur.

Fluctuations in retail electric sales volumes at certain of our electric utilities impact earnings ("Traditional" in the table below). For others, fluctuations in retail electric sales volumes do not impact earnings due to their regulatory commission approved distribution revenue decoupling mechanisms ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized.

In 2017 and 2016, NSTAR Electric operated under two different rate structures based on its service territory geography. For customers that were served in eastern Massachusetts, including metropolitan Boston, Cape Cod and Martha's Vineyard, NSTAR Electric operated using Traditional rates. For customers that were served in western Massachusetts, including the metropolitan Springfield region, NSTAR Electric operated using Decoupled rates. Effective February 1, 2018, all of NSTAR Electric's distribution revenues were decoupled as a result of the

DPU-approved rate decision. See "Regulatory Developments and Rate Matters - Massachusetts - NSTAR Electric Distribution Rate Case Decision" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

CL&P and NSTAR Electric (for its western Massachusetts customer rates) reconciled their annual base distribution rate recovery amounts to their pre-established levels of baseline distribution delivery service revenues of \$1.059 billion and \$132.4 million, respectively, through December 31, 2017. Effective February 1, 2018, NSTAR Electric, operating entirely under decoupled rates, will reconcile its annual base distribution rate recovery to its new baseline of \$974.8 million. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Fluctuations in natural gas sales volumes in Connecticut impact earnings ("Traditional" in the table below). In Massachusetts, fluctuations in natural gas sales volumes do not impact earnings due to the DPU-approved natural gas distribution revenue decoupling mechanism approved in the last rate case decision ("Decoupled" in the table below). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized.

A summary of our retail electric GWh sales volumes and our firm natural gas sales volumes in MMcf and percentage changes is as follows:

	Electric			Firm Natural Gas		
	For the Year Ended December 31, 2017 Compared to 2016			For the Year Ended December 31, 2017 Compared to 2016		
	Sales Volumes (GWh)		Percentage Decrease	Sales Volumes (MMcf)		Percentage Increase/(Decrease)
	2017	2016		2017	2016	
Traditional:						
Residential	9,453	9,654	(2.1)%	15,502	15,118	2.5 %
Commercial	15,958	16,267	(1.9)%	20,649	19,846	4.0 %
Industrial	2,444	2,558	(4.5)%	10,806	10,350	4.4 %
Total - Traditional	27,855	28,479	(2.2)%	46,957	45,314	3.6 %
Decoupled:						
Residential	11,043	11,347	(2.7)%	21,919	20,616	6.3 %
Commercial	10,612	10,940	(3.0)%	21,859	21,583	1.3 %
Industrial	2,736	2,876	(4.9)%	5,882	5,833	0.8 %
Total - Decoupled	24,391	25,163	(3.1)%	49,660	48,032	3.4 %
Special Contracts ⁽¹⁾	N/A	N/A	N/A	4,409	4,696	(6.1)%
Total - Decoupled and Special Contracts	24,391	25,163	(3.1)%	54,069	52,728	2.5 %
Total Sales Volumes	52,246	53,642	(2.6)%	101,026	98,042	3.0 %

(1) Special contracts are unique to the natural gas distribution customers who take service under such an arrangement and generally specify the amount of distribution revenue to be paid to Yankee Gas regardless of the customers' usage.

Retail electric sales volumes at our electric utilities with a traditional rate structure (the eastern region of NSTAR Electric and PSNH) were lower in 2017, as compared to 2016, due primarily to the mild summer weather in 2017, as compared to 2016. Cooling degree days in 2017 were 14.7 percent lower in the Boston metropolitan area and 22.7 percent lower in New Hampshire, as compared to 2016. Sales volumes were positively impacted by improved economic conditions across our service territories, but this trend was offset by lower customer usage driven by the impact of increased customer energy conservation efforts.

On January 28, 2016, Eversource received approval of a three-year energy efficiency plan in Massachusetts, which included recovery of LBR in the NSTAR Electric eastern Massachusetts service territory until it was covered under a decoupled rate structure, which occurred on February 1, 2018. NSTAR Electric recorded LBR related to reductions in sales volume as a result of successful energy efficiency programs. LBR was recovered from retail customers through rates. NSTAR Electric recognized LBR of \$73.7 million and \$60.7 million in 2017 and 2016, respectively.

Our firm natural gas sales volumes are subject to many of the same influences as our retail electric sales volumes. In addition, they have benefited from customer growth in both of our natural gas distribution companies. Consolidated firm natural gas sales volumes were higher in 2017, as compared to 2016, due primarily to colder winter weather in the fourth quarter of 2017, as compared to 2016. Heating degree days in 2017 were 2.5 percent higher in Connecticut, as compared to 2016. Sales volumes were also positively impacted by improved economic conditions across our natural gas service territories.

Liquidity

Consolidated: Cash and cash equivalents totaled \$38.2 million as of December 31, 2017, compared with \$30.3 million as of December 31, 2016.

Long-Term Debt Issuances and Repayments: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds
CL&P:				
3.20% 2017 Series A First Mortgage Bonds	March 2017	\$ 300.0	2027	Repay short-term debt borrowings
4.30% 2014 Series A First Mortgage Bonds ⁽¹⁾	August 2017	225.0	2044	Refinance short-term debt and fund working capital and capital expenditures
5.375% 2007 Series A First Mortgage Bonds	March 2007	(150.0)	2017	N/A
5.75% 2007 Series C First Mortgage Bonds	September 2007	(100.0)	2017	N/A
NSTAR Electric:				
3.20% Debentures	May 2017	350.0	2027	Repay short-term borrowings and fund capital expenditures and working capital
3.20% Debentures ⁽²⁾	October 2017	350.0	2027	Redeem long-term debt that matured in 2017
5.625% Debentures	November 2007	(400.0)	2017	N/A
PSNH:				
6.15% Series N First Mortgage Bonds	September 2007	(70.0)	2017	N/A
Other:				
Yankee Gas 3.02% Series N First Mortgage Bonds	September 2017	75.0	2027	Repay short-term borrowings
NSTAR Gas 7.04% Series M First Mortgage Bonds	September 1997	(25.0)	2017	N/A
Eversource Parent 2.75% Series K Senior Notes	March 2017	300.0	2022	Repay short-term borrowings
Eversource Parent 2.75% Series K Senior Notes ⁽³⁾	October 2017	450.0	2022	Repay short-term borrowings
Eversource Parent 2.90% Series L Senior Notes	October 2017	450.0	2024	Repay short-term borrowings
Eversource Parent 2.50% Series I Senior Notes ⁽⁴⁾	January 2018	200.0	2021	Repay long-term debt due to mature in 2018 and repay short-term borrowings
Eversource Parent 3.30% Series M Senior Notes	January 2018	450.0	2028	Repay long-term debt due to mature in 2018
Eversource Parent 1.60% Series G Senior Notes ⁽⁵⁾	January 2015	(150.0)	2018	N/A

(1) These bonds are part of the existing series initially issued by CL&P in 2014. The aggregate outstanding principal amount for these bonds is now \$475 million.

(2) These debentures are part of the same series initially issued by NSTAR Electric in May 2017. The aggregate outstanding principal amount for these debentures is now \$700 million.

(3) These notes are part of the same series issued by Eversource parent in March 2017. The aggregate outstanding principal amount for these notes is now \$750 million.

(4) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now \$450 million.

(5) Represents a repayment at maturity on January 15, 2018.

Commercial Paper Programs and Credit Agreements: Eversource parent has a \$1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year \$1.45 billion revolving credit facility. On December 8, 2017, Eversource parent amended and restated the revolving credit facility. The amended and restated revolving credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's \$1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of December 31, 2017 or 2016.

NSTAR Electric has a \$650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. On December 8, 2017, NSTAR Electric increased its commercial paper program from \$450 million to \$650 million. NSTAR Electric is also a party to a five-year \$650 million revolving credit facility. On December 8, 2017, NSTAR Electric amended and restated the revolving credit facility, increasing it from \$450 million to \$650 million. The amended and restated revolving credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's \$650 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of December 31, 2017 or 2016.

The amount of borrowings outstanding and available under the commercial paper programs and revolving credit facility was as follows:

(Millions of Dollars)	Borrowings Outstanding as of December 31,		Available Borrowing Capacity as of December 31,		Weighted-Average Interest Rate as of December 31,	
	2017	2016	2017	2016	2017	2016
Eversource Parent Commercial Paper Program	\$ 979.3	\$ 1,022.0	\$ 470.7	\$ 428.0	1.86%	0.88%
NSTAR Electric Commercial Paper Program	234.0	126.5	416.0	323.5	1.55%	0.71%
Revolving Credit Facility ⁽¹⁾	76.0	N/A	24.0	N/A	2.66%	N/A

⁽¹⁾ Aquarion has a \$100.0 million revolving credit facility, which expires on August 19, 2019.

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings

outstanding under its commercial paper program, \$201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified to Long-Term Debt as of December 31, 2017.

As of December 31, 2017, there were intercompany loans from Eversource parent of \$69.5 million to CL&P and \$262.9 million to PSNH. As of December 31, 2016, there were intercompany loans from Eversource parent of \$80.1 million to CL&P, \$160.9 million to PSNH and \$51.0 million to NSTAR Electric. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

Cash Flows: Cash flows provided by operating activities totaled \$2.0 billion in 2017, compared with \$2.2 billion in 2016. The decrease in operating cash flows was due primarily to the \$166.3 million net unfavorable impact as a result of the change in income tax payments made, or refunds received, in 2017 when compared to 2016. This unfavorable impact was primarily the result of the December 2015 legislation, which extended the accelerated deduction of depreciation from 2015 to 2019. The legislation resulted in a significant refund of approximately \$275 million, which we received in the first quarter of 2016. Additionally, there was an increase of \$84.1 million in Pension and PBOP Plan cash contributions made in 2017, as compared to 2016, a decrease of \$59.8 million related to the absence in 2017 of the Yankee Companies' DOE Damages received in 2016, and the unfavorable impact related to the timing of regulatory recoveries, which were significantly impacted by NSTAR Electric's timing of collections of purchased power and transmission costs. Partially offsetting these unfavorable impacts was the benefit related to the timing of collections and payments of our working capital items, including accounts payable.

In 2017, we paid cash dividends of \$602.1 million, or \$1.90 per common share, compared with \$564.5 million, or \$1.78 per common share in 2016. Our quarterly common share dividend payment was \$0.475 per share, in 2017, as compared to \$0.445 per common share in 2016. On February 7, 2018, our Board of Trustees approved a common share dividend of \$0.505 per share, payable on March 30, 2018 to shareholders of record as of March 6, 2018. The 2018 dividend represents an increase of 6.3 percent over the dividend paid in December 2017, and is the equivalent to dividends on common shares of approximately \$640 million on an annual basis.

In 2017, CL&P, NSTAR Electric and PSNH paid \$254.8 million, \$272.0 million and \$23.9 million, respectively, in common stock dividends to Eversource parent.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. In 2017, investments for Eversource, CL&P, NSTAR Electric and PSNH were \$2.3 billion, \$824.4 million, \$719.6 million and \$312.7 million, respectively.

Eversource completed the acquisition of Aquarion from Macquarie Infrastructure Partners on December 4, 2017 for \$1.675 billion, consisting of approximately \$880 million in cash and \$795 million of assumed debt.

Eversource, CL&P, NSTAR Electric and PSNH each use its available capital resources to fund its respective construction expenditures, meet debt requirements, pay operating costs, including storm-related costs, pay dividends and fund other corporate obligations, such as pension contributions. Eversource's regulated companies recover their electric and natural gas distribution construction expenditures as the related project costs are depreciated over the life of the assets. This impacts the timing of the revenue stream designed to fully recover the total investment plus a return on the equity and debt used to finance the investments. The current growth in Eversource's construction expenditures utilizes a significant amount of cash for projects that have a long-term return on investment and recovery period, totaling approximately \$2.3 billion in cash capital spend in 2017. In addition, growth in Eversource's key business initiatives in 2017 required cash contributions of \$32.6 million, which are recognized as long-term assets. These factors have resulted in current liabilities exceeding current assets by \$1.1 billion, \$338.1 million, \$137.5 million, and \$183.1 million at Eversource, CL&P, NSTAR Electric and PSNH, respectively, as of December 31, 2017.

As of December 31, 2017, \$961.0 million of Eversource's long-term debt, including \$450.0 million, \$300.0 million, \$110.0 million, \$100.0 million and \$1 million for Eversource parent, CL&P, PSNH, Yankee Gas and Aquarion, respectively, will be paid within the next 12 months. Included in the current portion of long-term debt is \$35.4 million related to fair value adjustments from our business combinations that will be amortized within the next 12 months and have no cash flow impact. Eversource, with its strong credit ratings, has several options available in the financial markets to repay or refinance these maturities with the issuance of new long-term debt. Eversource, CL&P, NSTAR Electric and PSNH will reduce their short-term borrowings with operating cash flows or with the issuance of new long-term debt, determined by considering capital requirements and maintenance of Eversource's credit rating and profile. We expect the future operating cash flows of Eversource, CL&P, NSTAR Electric and PSNH, along with the access to financial markets, will be sufficient to meet any future operating requirements and capital investment forecasted opportunities.

Credit Ratings: On December 5, 2017, S&P upgraded Eversource and its subsidiaries' corporate credit rating to A+ and changed the outlook to stable.

A summary of our corporate credit ratings and outlooks by Moody's, S&P and Fitch is as follows:

	Moody's		S&P		Fitch	
	Current	Outlook	Current	Outlook	Current	Outlook
Eversource Parent	Baa1	Stable	A+	Stable	BBB+	Positive
CL&P	Baa1	Stable	A+	Stable	A-	Stable
NSTAR Electric	A2	Stable	A+	Stable	A	Stable
PSNH	A3	Stable	A+	Stable	A-	Stable

A summary of the current credit ratings and outlooks by Moody's, S&P and Fitch for senior unsecured debt of Eversource parent and NSTAR Electric, and senior secured debt of CL&P and PSNH is as follows:

	Moody's		S&P		Fitch	
	Current	Outlook	Current	Outlook	Current	Outlook
Eversource Parent	Baa1	Stable	A	Stable	BBB+	Positive
CL&P	A2	Stable	AA-	Stable	A+	Stable
NSTAR Electric	A2	Stable	A+	Stable	A+	Stable
PSNH	A1	Stable	AA-	Stable	A+	Stable

Business Development and Capital Expenditures

Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized portions of pension expense (all of which are non-cash factors), totaled \$2.5 billion in 2017, \$2.2 billion in 2016, and \$1.9 billion in 2015. These amounts included \$165.9 million in 2017, \$137.7 million in 2016, and \$102.0 million in 2015 related to information technology and facilities upgrades and enhancements, primarily at Eversource Service and The Rocky River Realty Company.

Aquarion: On December 4, 2017, Eversource acquired Aquarion (formerly Macquarie Utilities Inc.) from Macquarie Infrastructure Partners for \$1.675 billion, consisting of approximately \$880 million in cash and \$795 million of assumed Aquarion debt. As a result, Aquarion became a wholly-owned subsidiary of Eversource. Aquarion is a regulated water utility holding company that operates three separate regulated water utilities in Connecticut, Massachusetts and New Hampshire. Aquarion collects, treats and distributes water to residential, commercial and industrial customers, to other utilities for resale, and for private and municipal fire protection.

Bay State Wind: Bay State Wind is a proposed offshore wind project being jointly developed by Eversource and Denmark-based Ørsted. Bay State Wind will be located in a 300-square-mile area approximately 25 miles off the coast of Massachusetts that has the ultimate potential to generate more than 2,000 MW of clean, renewable energy. Eversource and Ørsted each hold a 50 percent ownership interest in Bay State Wind.

On June 29, 2017, the Bureau of Ocean Energy Management ("BOEM") approved the project's Site Assessment Plan ("SAP"), the first BOEM approval of an offshore wind SAP in the U.S.

In August 2016, Massachusetts passed clean energy legislation that requires EDCs to jointly solicit RFPs and enter into long-term contracts for offshore wind, creating RFP opportunities for projects like Bay State Wind. On June 29, 2017, the Massachusetts RFP was issued, seeking bids for a minimum of 400 MW of offshore wind capacity. The RFP stated that bids of up to 800 MW would be considered, provided they demonstrated significant net economic benefits to customers. On December 20, 2017, Bay State Wind submitted two proposals, one for 400 MW and the other for 800 MW, in response to the Massachusetts clean energy RFP.

For more information regarding the clean energy legislation, see "Regulatory Developments and Rate Matters – Massachusetts – Massachusetts RFPs" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Electric Transmission Business:

Our consolidated electric transmission business capital expenditures increased by \$35.4 million in 2017, as compared to 2016. A summary of electric transmission capital expenditures by company is as follows:

(Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
CL&P	\$ 431.5	\$ 338.3	\$ 252.9
NSTAR Electric	301.9	398.7	354.2
PSNH	155.6	119.0	161.2
NPT	43.3	40.9	38.3
Total Electric Transmission Segment	\$ 932.3	\$ 896.9	\$ 806.6

Northern Pass: Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire.

Northern Pass has achieved several key milestones, including the following:

- Receiving NHPUC approval on February 12, 2018 for the proposed lease of certain land and easement rights from PSNH to NPT, concluding that the lease is in the public interest;
- Receiving the U.S. Forest Service Record of Decision on January 5, 2018, which allows NPT to install approximately 11 miles of underground transmission lines in areas along existing roads through the White Mountain National Forest;
- Receiving the Province of Québec permit granted to HQ on December 21, 2017 to construct the hydroelectric transmission line that will connect at the border of New Hampshire;
- Receiving the DOE Record of Decision and Presidential Permit on November 16, 2017, which will allow construction of transmission facilities at the Québec-New Hampshire border; and
- Receiving the DOE final Environmental Impact Statement issued on August 10, 2017, which concluded that the proposed Northern Pass route is the preferred alternative, providing substantial benefits with only minimal impacts.

On January 25, 2018, Northern Pass was selected from the 46 proposals submitted as the winning bidder in the Massachusetts clean energy request for proposal ("RFP"), which successfully positioned Northern Pass to provide a firm delivery of hydropower to Massachusetts. On February 1, 2018, the NHSEC voted to deny Northern Pass' siting application. On February 14, 2018, pursuant to the NHSEC's decision, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified NPT that the EDCs will continue contract negotiations, with the option of discontinuing discussions and terminating its conditional selection by March 27, 2018.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ continue to support Northern Pass and the many benefits this project will bring to our customers and region. We intend to seek reconsideration of the NHSEC's decision and to review all options for moving this critical clean energy project forward.

As of December 31, 2017, we have approximately \$277 million in capitalized costs associated with Northern Pass. We continue to believe that the Northern Pass project is probable of being placed in service. If in the future, events and changes in circumstances indicate that the Northern Pass project's capitalized costs may not be fully recoverable, we will then evaluate those costs for impairment. Should we conclude that these capitalized costs are impaired, this would have a significant negative impact on our financial position, results of operations, and cash flows.

For more information regarding the Massachusetts clean energy RFP, see "Regulatory Developments and Rate Matters – Massachusetts –Massachusetts RFPs" in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Greater Boston Reliability Solution: In February 2015, ISO-NE selected the Greater Boston and New Hampshire Solution (the "Solution"), proposed by Eversource and National Grid, to satisfy the requirements identified in the Greater Boston study. The Solution consists of a portfolio of electric transmission upgrades covering southern New Hampshire and northern Massachusetts and continuing into the greater Boston metropolitan area, of which 28 upgrades are in Eversource's service territory. The NHSEC issued its written order approving the New Hampshire upgrades on October 4, 2016. We are currently pursuing the necessary regulatory and siting application approvals in Massachusetts. To date, we have received approval for three of these projects from the Massachusetts Energy Facilities Siting Board. Construction has also begun on multiple smaller projects, several of which have been placed in service. All upgrades are expected to be completed by the end of 2019. We estimate our portion of the investment in the Solution will be approximately \$560 million, of which \$235.8 million has been capitalized through December 31, 2017.

GHCC: The Greater Hartford Central Connecticut ("GHCC") projects, which have been approved by ISO-NE, consist of 27 projects with an expected investment of approximately \$350 million that are expected to be placed in service through 2019. As of December 31, 2017, 18 projects have been placed in service, and six projects are in active construction. As of December 31, 2017, CL&P had capitalized \$210.0 million in costs associated with GHCC.

Seacoast Reliability Project: On April 12, 2016, PSNH filed a siting application with the NHSEC for the Seacoast Reliability Project, a 13-mile, 115kV transmission line within several New Hampshire communities, which proposes to use a combination of overhead, underground and underwater line design to help meet the growing demand for electricity in the Seacoast region. In June 2016, the NHSEC accepted our application as complete. The New Hampshire Department of Environmental Services has experienced delays with the issuance of permit conditions and now expects to complete its review in February 2018. As a result, siting hearings have yet to be rescheduled and we now expect the NHSEC decision in late-2018. This project is expected to be completed by the end of 2019. We estimate our investment in this project to be approximately \$84 million, of which, PSNH had capitalized \$24.5 million in costs, through December 31, 2017.

Distribution Business:

A summary of distribution capital expenditures by company is as follows:

(Millions of Dollars)	For the Years Ended December 31,					
	CL&P	NSTAR Electric	PSNH	Total Electric	Natural Gas	Total Electric and Natural Gas Distribution Segments
2017						
Basic Business	\$ 214.0	\$ 166.1	\$ 67.2	\$ 447.3	\$ 67.7	\$ 515.0
Aging Infrastructure	180.7	95.4	87.8	363.9	219.9	583.8
Load Growth and Other	52.3	96.6	13.2	162.1	47.7	209.8
Total Distribution	447.0	358.1	168.2	973.3	335.3	1,308.6
Solar Power and Generation	—	100.1	8.5	108.6	—	108.6
Total	\$ 447.0	\$ 458.2	\$ 176.7	\$ 1,081.9	\$ 335.3	\$ 1,417.2
2016						
Basic Business	\$ 179.8	\$ 146.0	\$ 70.0	\$ 395.8	\$ 70.7	\$ 466.5
Aging Infrastructure	144.7	105.7	84.7	335.1	155.9	491.0
Load Growth and Other	48.6	89.2	17.3	155.1	44.2	199.3
Total Distribution	373.1	340.9	172.0	886.0	270.8	1,156.8
Generation	—	—	17.5	17.5	—	17.5
Total	\$ 373.1	\$ 340.9	\$ 189.5	\$ 903.5	\$ 270.8	\$ 1,174.3
2015						
Basic Business	\$ 141.1	\$ 126.9	\$ 59.2	\$ 327.2	\$ 46.8	\$ 374.0
Aging Infrastructure	151.0	121.6	57.3	329.9	122.3	452.2
Load Growth and Other	42.2	58.5	25.5	126.2	43.5	169.7
Total Distribution	334.3	307.0	142.0	783.3	212.6	995.9
Generation	—	—	33.3	33.3	—	33.3
Total	\$ 334.3	\$ 307.0	\$ 175.3	\$ 816.6	\$ 212.6	\$ 1,029.2

For the electric distribution business, basic business includes the purchase of meters, tools, vehicles, information technology, transformer replacements, equipment facilities, and the relocation of plant. Aging infrastructure relates to reliability and the replacement of overhead lines, plant substations, underground cable replacement, and equipment failures. Load growth and other includes requests for new business and capacity additions on distribution lines and substation additions and expansions. For the natural gas distribution business, basic business addresses daily operational needs including meters, pipe relocations due to public works projects, vehicles, and tools. Aging infrastructure projects seek to improve the reliability of the system through enhancements related to cast iron and bare steel replacement of main and services, corrosion mediation, and station upgrades. Load growth and other reflects growth in existing service territories including new developments, installation of services, and expansion.

The natural gas distribution segment's capital spending program increased by \$64.5 million in 2017, as compared to 2016, primarily due to an increased investment in system replacement and reliability, as well as upgrades to our LNG facilities. We expect the LNG facility upgrades to cost approximately \$200 million and to be placed in service in late 2019.

Projected Capital Expenditures: A summary of the projected capital expenditures for the regulated companies' electric transmission and for the total electric distribution, solar development and natural gas distribution businesses for 2018 through 2021, including information technology and facilities upgrades and enhancements on behalf of the regulated companies, is as follows:

(Millions of Dollars)	Years				
	2018	2019	2020	2021	2018-2021 Total
CL&P Transmission	\$ 390	\$ 228	\$ 155	\$ 128	\$ 901
NSTAR Electric Transmission	333	293	267	248	1,141
PSNH Transmission	149	144	138	147	578
NPT	300	718	436	70	1,524
<i>Total Electric Transmission</i>	<i>\$ 1,172</i>	<i>\$ 1,383</i>	<i>\$ 996</i>	<i>\$ 593</i>	<i>\$ 4,144</i>
Electric Distribution	\$ 1,094	\$ 963	\$ 984	\$ 940	\$ 3,981
Solar Development	76	—	—	—	76
Natural Gas Distribution	422	425	380	389	1,616
<i>Total Distribution</i>	<i>\$ 1,592</i>	<i>\$ 1,388</i>	<i>\$ 1,364</i>	<i>\$ 1,329</i>	<i>\$ 5,673</i>
Water	\$ 100	\$ 102	\$ 108	\$ 125	\$ 435
Information Technology and All Other	\$ 178	\$ 124	\$ 111	\$ 112	\$ 525
Total	\$ 3,042	\$ 2,997	\$ 2,579	\$ 2,159	\$ 10,777

The projections do not include investments related to Bay State Wind. Actual capital expenditures could vary from the projected amounts for the companies and years above.

FERC Regulatory Issues

FERC ROE Complaints: Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

Hearings on the fourth complaint were held in December 2017 before the Administrative Law Judge ("ALJ"), who is expected to issue an initial decision in March 2018.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date ⁽¹⁾	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 ⁽¹⁾	Reserve (Pre-Tax and Excluding Interest) as of December 31, 2017 (in millions)	FERC ALJ Recommendation of Base ROE on Second and Third Complaints (Issued March 22, 2016)
First	10/1/2011 - 12/31/2012	11.14%	10.57%	\$— ⁽²⁾	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1 ⁽³⁾	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—	10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—	N/A

(1) The ROE billed during the period October 1, 2011 through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and an incentive cap at 11.74 percent for the first complaint period and also effective from the date of the FERC order on October 16, 2014. This FERC order was vacated on April 14, 2017.

(2) CL&P, NSTAR Electric and PSNH have refunded all amounts associated with the first complaint period, totaling \$38.9 million (pre-tax and excluding interest) at Eversource (consisting of \$22.4 million at CL&P, \$13.7 million at NSTAR Electric and \$2.8 million at PSNH), reflecting both the base ROE and incentive cap prescribed by the FERC order.

(3) The reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of \$21.4 million for CL&P, \$14.6 million for NSTAR Electric and \$3.1 million for PSNH as of December 31, 2017.

On June 5, 2017, the NETOs, including Eversource, submitted a filing to the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. On October 6, 2017, the FERC did not accept the NETOs' filing, temporarily leaving in place the ROEs (10.57 percent base ROE with an 11.74 percent incentive cap ROE) set in the first complaint proceeding until the FERC addresses the Court's decision. On November 6, 2017, the NETOs submitted a request for rehearing of the FERC's October 6, 2017 Order rejecting the compliance filing.

On October 5, 2017, the NETOs filed a series of motions, requesting that the FERC dismiss the four complaint proceedings. Alternatively, if the FERC does not dismiss the proceedings, the NETOs requested that the FERC consolidate all four complaint proceedings for expeditious resolution and/or stay the trial in the fourth complaint proceeding and resolve it based on the standards set in the April 14, 2017 Court decision.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. No events in 2017 provided a reasonable basis for a change to the reserve balance of \$39.1 million (pre-tax, excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods.

Management cannot at this time predict the ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric or PSNH.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately \$3 million.

Regulatory Developments and Rate Matters

Electric, Natural Gas, and Water Utility Base Distribution Rates:

Each Eversource utility subsidiary is subject to the regulatory jurisdiction of the state in which it operates: CL&P, Yankee Gas and Aquarion operate in Connecticut and are subject to PURA regulation; NSTAR Electric, NSTAR Gas and Aquarion operate in Massachusetts and are subject to DPU regulation; and PSNH and Aquarion operate in New Hampshire and are subject to NHPUC regulation. The regulated companies' distribution rates are set by their respective state regulatory commissions, and their tariffs include mechanisms for periodically adjusting their rates for the recovery of specific incurred costs.

In Connecticut, electric and natural gas utilities are required to file a distribution rate case, or for PURA to initiate a rate review, within four years of the last rate case. CL&P distribution rates were established in a 2014 PURA-approved rate case. On January 11, 2018, CL&P filed a distribution rate case settlement agreement for approval with PURA. See "Regulatory Developments and Rate Matters - Connecticut - CL&P Rate Case Settlement" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*, for more information. Yankee Gas distribution rates were established in a 2011 PURA-approved rate case. The requirement for Yankee Gas to file a base distribution rate case in 2015 was eliminated due to a rate review conducted by PURA and a resulting settlement in 2015 between Yankee Gas and PURA.

In Massachusetts, electric distribution companies are required to file at least one distribution rate case every five years, and natural gas local distribution companies to file at least one distribution rate case every 10 years, and those companies are limited to one settlement agreement in any 10-year period. On November 30, 2017, the DPU approved the NSTAR Electric rate case application. See "Regulatory Developments and Rate Matters - Massachusetts - NSTAR Electric Distribution Rate Case Decision" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*, for more information. NSTAR Gas distribution rates were established in a 2015 DPU-approved rate case.

In New Hampshire, PSNH distribution rates were established in a settlement approved by the NHPUC in 2010. Prior to the expiration of that settlement, the NHPUC approved the continuation of those rates, and increased funding via rates, of PSNH's reliability enhancement program.

Electric and Natural Gas Retail Rates:

The Eversource EDCs obtain and resell power to retail customers who choose not to buy energy from a competitive energy supplier. The natural gas distribution companies procure natural gas for firm and seasonal customers. These energy supply procurement costs are recovered from customers in energy supply rates that are approved by the respective state regulatory commission. The rates are reset periodically and are fully reconciled to their costs. Each electric and natural gas distribution company fully recovers its energy supply costs through approved regulatory rate mechanisms and, therefore, such costs have no impact on earnings.

The electric and natural gas distribution companies also recover certain other costs on a fully reconciling basis through regulatory commission-approved cost tracking mechanisms and, therefore, such costs have no impact on earnings. Costs recovered through cost tracking mechanisms include energy efficiency program costs, electric transmission charges, electric federally mandated congestion charges, system resiliency costs, certain uncollectible hardship bad debt expenses, and restructuring and stranded costs resulting from deregulation. The reconciliation filings compare the total actual costs allowed to revenue requirements related to these services and the difference between the costs incurred (or the rate recovery allowed) and the actual costs allowed is deferred and included, to be either recovered or refunded, in future customer rates.

U.S. Federal Corporate Income Taxes: On December 22, 2017, the "Tax Cuts and Jobs Act" (the "Act") became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, the Act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes will be (1) the benefit of incurring a lower federal income tax expense, which we expect to be passed back to customers, and (2) the provisional regulated excess ADIT liabilities that we expect to benefit our customers in future periods, which were estimated to be approximately \$2.9 billion and recognized as regulatory liabilities as of December 31, 2017. We are currently working with our state regulatory commissions, who have opened investigations to examine the impact of the Act on customer rates. FERC has yet to address how the Act would impact transmission rates.

We will continue to evaluate the impacts of the Act on our statement of financial position, results of operations, and cash flows. The impacts will vary depending on the ultimate amount and timing of when certain income tax benefits will benefit our customers, and will vary by jurisdiction.

Connecticut:

CL&P Rate Case Settlement: On April 20, 2017, PURA approved the joint request of CL&P, the Connecticut Office of Consumer Counsel ("OCC") and the Connecticut Attorney General to amend the deadline to establish new electric distribution rates in the 2012 Connecticut merger settlement agreement from "no later than December 1, 2017" to "no later than July 1, 2018." On November 22, 2017, CL&P filed its application with PURA, which sought a rate increase of \$255.8 million, \$45.0 million and \$36.0 million effective in May 2018, 2019, and 2020, respectively. On December, 15, 2017, CL&P, the Prosecutorial Unit of PURA, and the OCC reached a settlement in principle.

On January 11, 2018, CL&P filed a distribution rate case settlement agreement for approval by PURA, which included, among other things, rate increases of \$97.1 million, \$32.7 million and \$24.7 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, 53 percent common equity in CL&P's capital structure, and a new capital tracker through 2020 for capital additions, system resiliency, and grid modernization. The rate increases associated with the settlement agreement will be reduced by the impact of the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act", which we currently estimate to average approximately \$45 million to \$50 million per year, while amounts related to ADIT will be addressed in a separate manner. We expect to receive final approval from PURA in the second quarter of 2018.

Clean Energy RFP: On January 31, 2018, pursuant to Section 8 of Public Act 13-303, "An Act Concerning Connecticut's Clean Energy Goals," as amended by Section 10 of Public Act 17-144, "An Act Promoting the Use of Fuel Cells for Electric Distribution System Benefits and Reliability and Amending Various Energy-Related Programs and Requirements," DEEP issued the Connecticut Clean Energy RFP, seeking bids from developers of qualified offshore wind, fuel cell and anaerobic digestion Class I resources. The maximum authorized procurement for qualified clean energy and RECs is 899,250 MWh per year, of which no more than 825,000 MWh per year may be provided by offshore wind, which in aggregate is the equivalent to the output of an approximate 200 MW facility. Energy deliveries under any resulting agreement must begin no earlier than July 1, 2019 and no later than December 31, 2025. The Connecticut EDC's, including CL&P, will be part of the evaluation team responsible for conducting an evaluation and ranking bids received. Eversource and Ørsted are expected to submit a bid in response to this RFP.

Massachusetts:

NSTAR Electric Distribution Rate Case Decision: On November 30, 2017, the DPU issued its decision in the NSTAR Electric distribution rate case, which approved an annual distribution rate increase of \$37 million, with rates effective February 1, 2018. On January 3, 2018, NSTAR Electric filed a motion to reflect a revenue requirement reduction of \$56 million (due to the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act"), resulting in an annual net decrease in rates of \$19 million.

In addition to its decision regarding rates, the DPU approved an authorized regulatory ROE of 10 percent, the establishment of a revenue decoupling rate mechanism for the portion of the NSTAR Electric business that did not previously have a decoupling mechanism, and the implementation of an inflation-based adjustment mechanism with a five-year stay-out until January 1, 2023.

Among other items, the DPU approved the recovery of previously expensed merger-related costs over a 10-year period and the recovery of previously deferred storm costs with carrying charges at the prime rate, but disallowed certain property taxes. The rate case decision resulted in the recognition of an aggregate \$44.1 million pre-tax benefit recorded in 2017.

Eversource and NSTAR Electric Boston Harbor Civil Action: On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

The parties reached a settlement pursuant to which HEEC agreed to install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed \$4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of \$17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit will result in the initial \$17.5 million of construction costs on the new cable to be expensed as incurred. Of this amount, NSTAR Electric expensed \$11.1 million (pre-tax) of costs incurred on the new cable in 2017. Construction of the new cable is expected to be completed in 2019.

Massachusetts RFPs: On March 31, 2017, pursuant to a comprehensive energy law enacted in 2016, "An Act to Promote Energy Diversity," (the "Act") the Massachusetts EDCs, including NSTAR Electric, and the DOER issued a joint RFP for 9.45 terawatt hours of clean energy per year, such as hydropower, land-based wind or solar. The RFP seeks proposals for long-term contracts of 15 to 20 years to provide the state's EDCs with clean energy generation with a submission due date of July 27, 2017.

On January 25, 2018, the Northern Pass project was selected from the 46 proposals submitted as a winning bidder. On February 1, 2018, the NHSEC voted to deny Northern Pass' siting application. On February 14, 2018, pursuant to the NHSEC's decision, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified NPT that the EDCs will continue contract negotiations, with the option of discontinuing discussions and terminating its conditional selection by March 27, 2018.

On June 29, 2017, pursuant to the Act, the Massachusetts EDCs, including NSTAR Electric, and the DOER issued a joint RFP for long-term contracts for offshore wind energy projects, seeking bids for a minimum of 400 MW of offshore wind capacity. The RFP stated that bids of up to 800 MW would be considered, provided they demonstrated significant net economic benefits to customers. On December 20, 2017, Bay State Wind submitted two proposals in response to the Massachusetts clean energy RFP to the EDCs. One proposal was for 400 MW and the other was for 800 MW. The selection of the winning proposals for further negotiation of power purchase agreements with the EDCs is currently expected to occur by April 23, 2018.

New Hampshire:

Generation Divestiture: In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, under the terms of which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approval for this agreement, as well as NHPUC approval of the final divestiture plan and auction process, were received in the second half of 2016. In October 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of \$175 million and \$83 million, respectively, subject to adjustments as set forth in the Agreements. The NHPUC approved the Agreements in late November 2017.

On January 10, 2018, PSNH completed the sale of its thermal generation facilities. In accordance with the Purchase and Sale Agreement, the original purchase price of \$175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling \$40.9 million, resulting in net proceeds of \$134.1 million. We are targeting for PSNH to complete the sale of its hydroelectric generation facilities by the end of the first quarter of 2018 at a sale price of \$83 million, subject to adjustment. On January 30, 2018, the NHPUC approved the issuance of rate reduction bonds up to \$690 million to recover stranded costs, subject to an audit by the NHPUC Audit Staff. This order is subject to an appeal period of 30 days.

Upon completion of the divestiture, full recovery of PSNH's generation assets and transaction-related costs are expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs via the issuance of bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers.

Legislative and Policy Matters

Federal: On December 22, 2017, the "Tax Cuts and Jobs Act" (the "Act") became law, which amended existing federal tax rules and included numerous provisions that will impact corporations. In particular, the Act reduced the federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. See "Regulatory Developments and Rate Matters - U.S. Federal Corporate Income Taxes" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*, for more information.

Massachusetts: On August 11, 2017, Massachusetts issued final legislation, pursuant to Executive Order 569, which established volumetric limits on multiple greenhouse emission sources to ensure reductions are realized by deadlines established in the Massachusetts Global Warming Solutions Act enacted in 2008. Under this legislation, the initial target date for reduction in greenhouse gas emissions has been established in the year 2020. The legislation is not expected to have a material impact on the financial statements of Eversource or NSTAR Electric.

New Hampshire: On January 11, 2018, the New Hampshire Supreme Court issued a decision affirming the lower court's October 2016 decision that the Town of Bow, New Hampshire had over-assessed the value of the property owned by PSNH for the 2012 and 2013 property tax years. We estimate that the result of this decision will be approximately \$7.5 million in property taxes and interest payable to PSNH. PSNH plans to account for any recovery on the same basis that the taxes were originally expensed in the respective periods covered by the decision.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and, at times, difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management discusses with the Audit Committee of our Board of Trustees significant matters relating to critical accounting policies. Our critical accounting policies are discussed below. See the combined notes to our financial statements for further information concerning the accounting policies, estimates and assumptions used in the preparation of our financial statements.

Regulatory Accounting: Our regulated companies are subject to rate-regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The regulated companies' financial statements reflect the effects of the rate-making process.

The application of accounting guidance for rate-regulated enterprises results in recording regulatory assets and liabilities. Regulatory assets represent the deferral of incurred costs that are probable of future recovery in customer rates. Regulatory assets are amortized as the incurred costs are recovered through customer rates. In some cases, we record regulatory assets before approval for recovery has been received from the applicable regulatory commission. We must use judgment to conclude that costs deferred as regulatory assets are probable of future recovery. We base our conclusion on certain factors, including, but not limited to, regulatory precedent. Regulatory liabilities represent revenues received from customers to fund expected costs that have not yet been incurred or probable future refunds to customers.

We use judgment when recording regulatory assets and liabilities; however, regulatory commissions can reach different conclusions about the recovery of costs, and those conclusions could have a material impact on our financial statements. We believe it is probable that each of the regulated companies will recover the regulatory assets that have been recorded. If we determine that we can no longer apply the accounting guidance applicable to rate-regulated enterprises to our operations, or that we cannot conclude it is probable that costs will be recovered from customers in future rates, the costs would be charged to earnings in the period in which the determination is made.

Unbilled Revenues: The determination of retail energy sales to residential, commercial and industrial customers is based on the reading of meters, which occurs regularly throughout the month. Billed revenues are based on these meter readings, and the majority of our recorded annual revenues is based on actual billings. Because customers are billed throughout the month based on pre-determined cycles rather than on a calendar month basis, an estimate of electricity or natural gas delivered to customers for which the customers have not yet been billed is calculated as of the balance sheet date.

Unbilled revenues represent an estimate of electricity or natural gas delivered to customers but not yet billed. Unbilled revenues are included in Operating Revenues on the statement of income and are assets on the balance sheet that are reclassified to Accounts Receivable in the following month as customers are billed. Such estimates are subject to adjustment when actual meter readings become available or when there is a change in our estimates.

Unbilled revenues are recognized by allocating estimated unbilled sales volumes to the respective customer classes, and then applying an estimated rate by customer class to those sales volumes. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer rates in effect for customer classes, and the timing of customer billing. The estimate of unbilled revenues can significantly impact the amount of revenues recorded at the operating companies that do not have a revenue decoupling mechanism. CL&P, NSTAR Electric and NSTAR Gas record a regulatory deferral to reflect the actual allowed amount of revenue associated with their respective decoupled distribution rate design.

Pension, SERP and PBOP: We sponsor Pension, SERP and PBOP Plans to provide retirement benefits to our employees. For each of these plans, several significant assumptions are used to determine the projected benefit obligation, funded status and net periodic benefit cost. These assumptions include the expected long-term rate of return on plan assets, discount rate, compensation/progression rate and mortality and retirement assumptions. We evaluate these assumptions at least annually and adjust them as necessary. Changes in these assumptions could have a material impact on our financial position, results of operations or cash flows.

Expected Long-Term Rate of Return on Plan Assets: In developing this assumption, we consider historical and expected returns, as well as input from our consultants. Our expected long-term rate of return on assets is based on assumptions regarding target asset allocations and corresponding expected rates of return for each asset class. We routinely review the actual asset allocations and periodically rebalance the investments to the targeted asset allocations when appropriate. For the year ended December 31, 2017, our aggregate expected long-term rate-of-return assumption of 8.25 percent was used to determine our pension and PBOP expense. For the forecasted 2018 pension and PBOP expense, our expected long-term rate of return of 8.25 percent will be used reflecting our target asset allocations.

Discount Rate: Payment obligations related to the Pension, SERP and PBOP Plans are discounted at interest rates applicable to the expected timing of each plan's cash flows. The discount rate that was utilized in determining the 2017 pension, SERP and PBOP obligations was based on a yield-curve approach. This approach utilizes a population of bonds with an average rating of AA based on bond ratings by Moody's, S&P and Fitch, and uses bonds with above median yields within that population. As of December 31, 2017, the discount rates used to determine the funded status were within a range of 3.43 percent to 3.75 percent for the Pension and SERP Plans, and within a range of 3.55 percent to 3.70 percent for the PBOP Plans. As of December 31, 2016, the discount rates used were within a range of 4.01 percent to 4.33 percent for the Pension and SERP Plans, and 4.21 percent for the PBOP Plan. The decrease in the discount rates used to calculate the funded status resulted in an increase to the Pension and PBOP Plans' liability of approximately \$390 million and \$64 million, respectively, as of December 31, 2017.

Effective January 1, 2016, we elected to transition the discount rate to the spot rate methodology from the yield-curve approach for the service and interest cost components of Pension, SERP and PBOP expense because it provides a more precise measurement by matching projected cash flows to the corresponding spot rates on the yield curve. Historically, these components were estimated using the same weighted-average discount rate as for the funded status. The discount rates used to estimate the 2017 service costs were within a range of 3.58 percent to 3.90 percent for the Pension and SERP Plans, and 4.64 percent for the PBOP Plans. The discount rates used to estimate the 2017 interest costs were within a range of 3.20 percent and 3.36 percent for the Pension and SERP Plans, and 3.48 percent for the PBOP Plans.

Mortality Assumptions: Assumptions as to mortality of the participants in our Pension, SERP and PBOP Plans are a key estimate in measuring the expected payments a participant may receive over their lifetime and the corresponding plan liability we need to record. In 2017, the IRS issued a revised mortality table used for determining lump sum payments from the Pension Plan, resulting in an increase to the liability of approximately \$38 million. Also in 2017, a revised scale for the mortality table was released, having the effect of decreasing the estimate of benefits to be provided to plan participants. The impact of the adoption of the revised mortality scale resulted in a decrease of approximately \$26 million and \$4 million for the Pension and PBOP Plans, respectively, as of December 31, 2017.

Compensation/Progression Rate: This assumption reflects the expected long-term salary growth rate, including consideration of the levels of increases built into collective bargaining agreements, and impacts the estimated benefits that Pension and SERP Plan participants receive in the future. As of December 31, 2017, the compensation/progression rate used to determine the funded status was within a range of 3.50 percent to 4.00 percent. As of December 31, 2016, this rate was 3.50 percent.

Health Care Cost: In August 2016, we amended the Eversource PBOP Plan to standardize benefit design and make benefit changes. As a result, this plan is no longer subject to health care cost trends.

Actuarial Determination of Expense: Pension, SERP and PBOP expense is determined by our actuaries and consists of service cost and prior service cost, interest cost based on the discounting of the obligations, and amortization of actuarial gains and losses, offset by the expected return on plan assets. Actuarial gains and losses represent differences between assumptions and actual information or updated assumptions. Pre-tax net periodic benefit expense for the Pension and SERP Plans was \$64.9 million, \$71.9 million and \$134.7 million for the years ended December 31, 2017, 2016 and 2015, respectively. The pre-tax net periodic PBOP cost is income of \$39.6 million and \$17.9 million for the years ended December 31, 2017 and 2016, respectively, and expense of \$2.4 million for the year ended December 31, 2015.

The expected return on plan assets is determined by applying the assumed long-term rate of return to the Pension and PBOP Plan asset balances. This calculated expected return is compared to the actual return or loss on plan assets at the end of each year to determine the investment gains or losses to be immediately reflected in unrecognized actuarial gains and losses.

Forecasted Expenses and Expected Contributions: We estimate that the expense for the Pension and SERP Plans will be approximately \$45 million and income for the PBOP Plans will be approximately \$45 million in 2018. Pension, SERP and PBOP expense for subsequent years will depend on future investment performance, changes in future discount rates and other assumptions, and various other factors related to the populations participating in the plans.

Our policy is to fund the Pension Plans annually in an amount at least equal to the amount that will satisfy all federal funding requirements. We contributed \$235.2 million to the Pension Plans in 2017. We currently estimate contributing approximately \$180 million to the Pension Plans in 2018.

For the PBOP Plans, it is our policy to fund the PBOP Plans annually through tax deductible contributions to external trusts. We contributed \$7.6 million to the PBOP Plans in 2017. We currently estimate contributing \$10 million to the PBOP Plans in 2018.

Sensitivity Analysis: The following represents the hypothetical increase to the Pension Plans' (excluding the SERP Plans) and PBOP Plans' reported annual cost as a result of a change in the following assumptions by 50 basis points:

(Millions of Dollars)	Increase in Pension Plan Cost				Increase in PBOP Plan Cost			
Assumption Change	As of December 31,							
Eversource	2017		2016		2017		2016	
Lower expected long-term rate of return	\$	20.4	\$	19.5	\$	4.1	\$	3.9
Lower discount rate		19.7		20.7		3.6		3.9
Higher compensation rate		9.3		10.2		N/A		N/A

Goodwill: We recorded goodwill on our balance sheet associated with previous mergers and acquisitions. On December 4, 2017, we completed the acquisition of Aquarion, resulting in the addition of \$0.9 billion of goodwill. As of December 31, 2017, a total of \$4.4 billion of goodwill is recorded on our balance sheet. We have identified our reporting units for purposes of allocating and testing goodwill as Electric Distribution, Electric Transmission, Natural Gas Distribution and Water. These reporting units are consistent with our operating segments underlying our reportable segments. Electric Distribution and Electric Transmission reporting units include carrying values for the respective components of CL&P, NSTAR Electric and PSNH. The Natural Gas Distribution reporting unit includes the carrying values of NSTAR Gas and Yankee Gas. The Water reporting unit was created upon completion of the acquisition of Aquarion and includes its water utility businesses. As of December 31, 2017, goodwill was allocated to the reporting units as follows: \$2.5 billion to Electric Distribution, \$0.6 billion to Electric Transmission, \$0.4 billion to Natural Gas Distribution and \$0.9 billion to Water.

We are required to test goodwill balances for impairment at least annually by considering the fair values of the reporting units, which requires us to use estimates and judgments. We have selected October 1st of each year as the annual goodwill impairment testing date. Goodwill impairment is deemed to exist if the carrying amount of a reporting unit exceeds its estimated fair value and if the implied fair value of goodwill based on the estimated fair values of the reporting units' assets and liabilities is less than the carrying amount of the goodwill. If goodwill were deemed to be impaired, it would be written down in the current period to the extent of the impairment.

We performed an impairment test of goodwill as of October 1, 2017 for the Electric Distribution, Electric Transmission and Natural Gas Distribution reporting units. This evaluation required the consideration of several factors that impact the fair value of the reporting units, including conditions and assumptions that affect the future cash flows of the reporting units. Key considerations include discount rates, utility sector market performance and merger transaction multiples, and internal estimates of future cash flows and net income.

The 2017 goodwill impairment test resulted in a conclusion that goodwill is not impaired and no reporting unit is at risk of a goodwill impairment.

Long-Lived Assets: Impairment evaluations of long-lived assets, including property, plant and equipment and strategic, infrastructure and other investments, involve a significant degree of estimation and judgment, including identifying circumstances that indicate an impairment may exist. Impairment analysis is required when events or changes in circumstances indicate that the carrying value of a long-lived asset may not be recoverable. Indicators of potential impairment include a deteriorating business climate, unfavorable regulatory action, decline in value that is other than temporary in nature, plans to dispose of a long-lived asset significantly before the end of its useful life, and accumulation of costs that are in excess of amounts allowed for recovery. The review of long-lived assets for impairment utilizes significant assumptions about operating strategies and external developments, including assessment of current and projected market conditions that can impact future cash flows.

As of December 31, 2017, we did not identify any impairment indicators for our long-lived assets. If events or changes in circumstances indicate the carrying value of a long-lived asset may not be recoverable, we would perform an impairment analysis. An impairment analysis would consist of two steps: first, the estimated undiscounted future cash flows attributable to the asset would be compared with the carrying value of the asset, and second, if the carrying value is greater than the undiscounted future cash flows, an impairment charge would be recognized equal to the amount by which the carrying value of the asset exceeds its estimated fair value.

Income Taxes: Income tax expense is estimated for each of the jurisdictions in which we operate and is recorded each quarter using an estimated annualized effective tax rate. This process to record income tax expense involves estimating current and deferred income tax expense or benefit and the impact of temporary differences resulting from differing treatment of items for financial reporting and income tax return reporting purposes. Such differences are the result of timing of the deduction for expenses, as well as any impact of permanent differences, non-tax deductible expenses, or other items that directly impact income tax expense as a result of regulatory activity (flow-through items). The temporary differences and flow-through items result in deferred tax assets and liabilities that are included in the balance sheets.

We also account for uncertainty in income taxes, which applies to all income tax positions previously filed in a tax return and income tax positions expected to be taken in a future tax return that have been reflected on our balance sheets. The determination of whether a tax position meets the recognition threshold under applicable accounting guidance is based on facts and circumstances available to us. Once a tax position meets the recognition threshold, the tax benefit is measured using a cumulative probability assessment. Assigning probabilities in measuring a recognized tax position and evaluating new information or events in subsequent periods requires significant judgment and could change previous conclusions used to measure the tax position estimate. New information or events may include tax examinations or appeals (including information gained from those examinations), developments in case law, settlements of tax positions, changes in tax law and regulations, rulings by taxing authorities and statute of limitation expirations. Such information or events may have a significant impact on our financial position, results of operations and cash flows.

On December 22, 2017, the "Tax Cuts and Jobs Act" (the "Act") became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, the Act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. For our regulated companies, the most significant changes will be (1) the benefit of incurring a lower federal income tax expense, which we expect to be passed back to customers, and (2) the provisional regulated excess ADIT liabilities that we expect to benefit our customers in future periods, which were estimated to be approximately \$2.9 billion and recognized as regulatory liabilities as of December 31, 2017.

We will continue to evaluate the impacts of the Act, which will vary depending on the ultimate amount and timing of when certain income tax benefits will benefit our customers, and will vary by jurisdiction. Although the impacts could not be finalized upon the issuance of this combined Annual Report on Form 10-K, reasonable provisional estimates were recognized as of December 31, 2017. In accordance with SEC Staff Accounting Bulletin No. 118 ("SAB 118"), additional re-measurement may occur based on final analyses, computations, technical corrections, or other forms of guidance issued from regulatory agencies or commissions. While we believe the impacts of the Act were appropriately accounted for in accordance with applicable authoritative guidance, the ultimate outcome may be different from the provisional estimates recorded, and those differences may materially impact our future statement of financial position, results of operations, and cash flows.

Accounting for Environmental Reserves: Environmental reserves are accrued when assessments indicate it is probable that a liability has been incurred and an amount can be reasonably estimated. Adjustments made to estimates of environmental liabilities could have an adverse impact on earnings. We estimate these liabilities based on findings through various phases of the assessment, considering the most likely action plan from a variety of available remediation options (ranging from no action required to full site remediation and long-term monitoring), current site information from our site assessments, remediation estimates from third party engineering and remediation contractors, and our prior experience in remediating contaminated sites. If a most likely action plan cannot yet be determined, we estimate the liability based on the low end of a range of possible action plans. A significant portion of our environmental sites and reserve amounts relate to former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which we may have potential liability. As assessments on these sites are performed, we may receive new information to be considered in our estimates related to the extent and nature of the contamination and the costs of required remediation.

Our estimates also incorporate currently enacted state and federal environmental laws and regulations and data released by the EPA and other organizations. The estimates associated with each possible action plan are judgmental in nature partly because there are usually several different remediation options from which to choose. Our estimates are subject to revision in future periods based on actual costs or new information from other sources, including the level of contamination at the site, the extent of our responsibility or the extent of remediation required, recently enacted laws and regulations or a change in cost estimates due to certain economic factors.

Fair Value Measurements: We follow fair value measurement guidance that defines fair value as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). We have applied this guidance to our Company's derivative contracts that are not elected or designated as "normal purchases or normal sales" (normal), to marketable securities held in trusts, to our investments in our Pension and PBOP Plans, and to nonfinancial assets such as goodwill and AROs. This guidance was also applied in estimating the fair value of preferred stock and long-term debt.

Changes in fair value of the derivative contracts are recorded as Regulatory Assets or Liabilities, as we recover the costs of these contracts in rates charged to customers. These valuations are sensitive to the prices of energy and energy-related products in future years for which markets have not yet developed and assumptions are made.

We use quoted market prices when available to determine the fair value of financial instruments. If quoted market prices are not available, fair value is determined using quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments that are not active and model-derived valuations. When quoted prices in active markets for the same or similar instruments are not available, we value derivative contracts using models that incorporate both observable and unobservable inputs. Significant unobservable inputs utilized in the models include energy and energy-related product prices for future years for long-dated derivative contracts and market volatilities. Discounted cash flow valuations incorporate estimates of premiums or discounts, reflecting risk-adjusted profit that would be required by a market participant to arrive at an exit price, using available historical market transaction information. Valuations of derivative contracts also reflect our estimates of nonperformance risk, including credit risk.

Other Matters

Accounting Standards: For information regarding new accounting standards, see Note 1D, "Summary of Significant Accounting Policies - Accounting Standards," to the financial statements.

Contractual Obligations and Commercial Commitments: Information regarding our contractual obligations and commercial commitments as of December 31, 2017, is summarized annually through 2022 and thereafter as follows:

Eversource

(Millions of Dollars)

	2018	2019	2020	2021	2022	Thereafter	Total
Long-term debt maturities ^(a)	\$ 961.0	\$ 801.0	\$ 296.1	\$ 922.8	\$ 1,188.9	\$ 7,643.1	\$ 11,812.9
Estimated interest payments on existing debt ^(b)	446.4	417.4	378.9	361.5	328.9	2,994.5	4,927.6
Capital leases ^(c)	2.9	3.3	3.3	2.8	1.3	2.5	16.1
Operating leases ^(d)	13.2	11.4	10.0	8.9	7.4	19.7	70.6
Funding of pension obligations ^{(d) (e)}	180.0	—	—	—	—	—	180.0
Funding of PBOP obligations ^{(d) (e)}	10.0	—	—	—	—	—	10.0
Estimated future annual long-term contractual costs ^(f)	599.0	578.2	542.8	497.2	459.5	2,869.4	5,546.1
Total ^(g)	\$ 2,212.5	\$ 1,811.3	\$ 1,231.1	\$ 1,793.2	\$ 1,986.0	\$ 13,529.2	\$ 22,563.3

CL&P
(Millions of Dollars)

	2018	2019	2020	2021	2022	Thereafter	Total
Long-term debt maturities ^(a)	\$ 300.0	\$ 250.0	\$ —	\$ —	\$ —	\$ 2,515.3	\$ 3,065.3
Estimated interest payments on existing debt ^(b)	137.1	121.7	114.8	114.8	114.8	1,462.8	2,066.0
Capital leases ^(c)	2.0	2.0	2.0	1.4	—	—	7.4
Operating leases ^(d)	1.8	1.5	1.3	1.1	1.0	1.0	7.7
Funding of pension obligations ^{(d) (e)}	82.0	—	—	—	—	—	82.0
Estimated future annual long-term contractual costs ^(f)	177.9	175.4	198.2	187.8	175.6	836.9	1,751.8
Total ^(g)	\$ 700.8	\$ 550.6	\$ 316.3	\$ 305.1	\$ 291.4	\$ 4,816.0	\$ 6,980.2

- (a) Long-term debt maturities exclude the CYAPC pre-1983 spent nuclear fuel obligation, net unamortized premiums, discounts and debt issuance costs, and other fair value adjustments.
- (b) Estimated interest payments on fixed-rate debt are calculated by multiplying the coupon rate on the debt by its scheduled notional amount outstanding for the period of measurement. Estimated interest payments on floating-rate debt are calculated by multiplying the end of 2017 floating-rate reset on the debt by its scheduled notional amount outstanding for the period of measurement. This same rate is then assumed for the remaining life of the debt.
- (c) The capital lease obligations include interest.
- (d) Amounts are not included on our balance sheets.
- (e) These amounts represent expected pension and PBOP contributions for 2018. Future contributions will vary depending on many factors, including the performance of existing plan assets, valuation of the plans' liabilities and long-term discount rates.
- (f) Other than certain derivative contracts held by the regulated companies, these obligations are not included on our balance sheets.
- (g) Does not include other long-term liabilities recorded on our balance sheet, such as environmental reserves, employee medical insurance, workers compensation and long-term disability insurance reserves, ARO liability reserves and other reserves, as we cannot make reasonable estimates of the timing of payments. Also, does not include amounts not included on our balance sheets for future funding of Eversource's equity method investments, as we cannot make reasonable estimates of the periods or the investment contributions.

For further information regarding our contractual obligations and commercial commitments, see Note 6, "Asset Retirement Obligations," Note 7, "Short-Term Debt," Note 8, "Long-Term Debt," Note 9A, "Employee Benefits - Pension Benefits and Postretirement Benefits Other Than Pensions," Note 11, "Commitments and Contingencies," and Note 13, "Leases," to the financial statements.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the years ended December 31, 2017 and 2016 included in this Annual Report on Form 10-K:

(Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	Increase/(Decrease)
Operating Revenues	\$ 7,752.0	\$ 7,639.1	\$ 112.9
Operating Expenses:			
Purchased Power, Fuel and Transmission	2,535.3	2,500.8	34.5
Operations and Maintenance	1,277.1	1,323.5	(46.4)
Depreciation	773.8	715.5	58.3
Amortization of Regulatory Assets, Net	90.0	71.7	18.3
Energy Efficiency Programs	480.8	533.7	(52.9)
Taxes Other Than Income Taxes	676.8	634.0	42.8
Total Operating Expenses	5,833.8	5,779.2	54.6
Operating Income	1,918.2	1,859.9	58.3
Interest Expense	421.8	401.0	20.8
Other Income, Net	78.0	45.9	32.1
Income Before Income Tax Expense	1,574.4	1,504.8	69.6
Income Tax Expense	578.9	555.0	23.9
Net Income	995.5	949.8	45.7
Net Income Attributable to Noncontrolling Interests	7.5	7.5	—
Net Income Attributable to Common Shareholders	\$ 988.0	\$ 942.3	\$ 45.7

Operating Revenues

A summary of our Operating Revenues by segment was as follows:

(Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	Increase/(Decrease)
Electric Distribution	\$ 5,542.9	\$ 5,594.3	\$ (51.4)
Natural Gas Distribution	947.3	857.7	89.6
Electric Transmission	1,301.7	1,210.0	91.7
Other and Eliminations	(39.9)	(22.9)	(17.0)
Total Operating Revenues	\$ 7,752.0	\$ 7,639.1	\$ 112.9

A summary of our retail electric GWh sales volumes and our firm natural gas sales volumes in MMcf and percentage changes was as follows:

	Electric				Firm Natural Gas			
	For the Years Ended December 31,				For the Years Ended December 31,			
	2017	2016	Decrease	Percent	2017	2016	Increase	Percent
Traditional	27,855	28,479	(624)	(2.2)%	46,957	45,314	1,643	3.6%
Decoupled and Natural Gas Special Contracts	24,391	25,163	(772)	(3.1)%	54,069	52,728	1,341	2.5%
Total Sales Volumes	52,246	53,642	(1,396)	(2.6)%	101,026	98,042	2,984	3.0%

Fluctuations in sales volumes at certain of the electric and natural gas utilities impact earnings ("Traditional" in the table above). Fluctuations in CL&P's, NSTAR Electric's (for a portion of its sales volumes as of December 31, 2017) and NSTAR Gas' sales volumes do not impact the level of base distribution revenue realized or earnings due to the commission-approved revenue decoupling mechanisms ("Decoupled and Natural Gas Special Contracts" in the table above). The revenue decoupling mechanisms permit recovery of a base amount of distribution revenues and breaks the relationship between sales volumes and revenues recognized. Effective February 1, 2018, all of NSTAR Electric's distribution revenues were decoupled as a result of the DPU-approved rate case decision.

Operating Revenues, which primarily consist of base electric and natural gas distribution revenues and tracked revenues further described below, increased by \$112.9 million in 2017, as compared to 2016.

Base electric and natural gas distribution revenues: Base electric distribution segment revenues, excluding LBR, decreased \$12.3 million in 2017, as compared to 2016, due primarily to a decrease in sales volumes driven by the mild summer weather in 2017 at our non-decoupled electric companies. LBR increased \$13.0 million in 2017, as compared to 2016. Effective February 1, 2018, NSTAR Electric no longer has an LBR mechanism. Base natural gas distribution revenues increased \$2.9 million in 2017, as compared to 2016. The impact of higher firm natural gas

sales volumes, which was driven by colder winter weather in the fourth quarter of 2017, was partially offset by lower demand revenues in Connecticut driven by lower peak usage in 2017, as compared to 2016.

Tracked distribution revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore, have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, certain tracked revenues include incentives earned and carrying charges that are billed in rates to customers.

Tracked natural gas distribution segment revenues increased as a result of an increase in natural gas supply costs (\$68.7 million) and an increase in energy efficiency program revenues (\$18.1 million). Tracked electric distribution revenues decreased as a result of a decrease in electric energy supply costs (\$21.7 million), driven by decreased average retail prices and lower sales volumes, a decrease in retail electric transmission charges (\$14.8 million), a decrease in transition and stranded cost recovery revenues (\$46.2 million), a decrease in pension rate adjustment mechanisms (\$21.6 million), a decrease in revenues related to the timing of the sale of PSNH's RECs (\$16.3 million), and a decrease in energy efficiency program revenues (\$10.4 million). Partially offsetting these decreases were increases in tracked electric distribution revenues related to federally-mandated congestion charges (\$30.1 million), net metering revenues (\$29.8 million) and revenues related to renewable energy requirements (\$41.9 million).

Electric transmission revenues: The electric transmission segment revenues increased by \$91.7 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Other: Other revenues decreased due primarily to the sale of Eversource's unregulated telecommunication business on December 31, 2016 (\$20.0 million), partially offset by the addition of Aquarion revenues due to the acquisition on December 4, 2017 (\$15.9 million).

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity and natural gas on behalf of our customers. These energy supply costs are recovered from customers in rates through commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased in 2017, as compared to 2016, due primarily to the following:

<i>(Millions of Dollars)</i>	<i>(Decrease)/Increase</i>
Electric Distribution	\$ (68.9)
Natural Gas Distribution	59.5
Transmission	43.9
Total Purchased Power, Fuel and Transmission	\$ 34.5

The decrease in purchased power expense at the electric distribution business in 2017, as compared to 2016, was driven primarily by lower prices associated with the procurement of energy supply and lower sales volumes. The increase in purchased power expense at the natural gas distribution business was due to higher average natural gas prices and higher sales volumes. The increase in transmission costs in 2017, as compared to 2016, was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, and Local Network Service charges, which reflect the cost of transmission service provided by Eversource over our local transmission network. This was partially offset by a decrease in the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric and natural gas distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased in 2017, as compared to 2016, due primarily to the following:

(Millions of Dollars)

	Increase/(Decrease)
Base Electric Distribution:	
Employee-related expenses, including labor and benefits	\$ (47.4)
Bad debt expense	(14.5)
Shared corporate costs (including computer software depreciation at Eversource Service)	24.2
Boston Harbor civil action settlement charges	16.0
Other non-tracked operations and maintenance	7.4
Total Base Electric Distribution	(14.3)
Base Natural Gas Distribution	3.7
Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution):	
Absence in 2017 of earnings benefit related to merger-related costs allowed for recovery through transmission rates	27.5
Other tracked operations and maintenance	(15.4)
Total Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution)	12.1
Other and eliminations:	
Merger-related costs allowed for recovery through NSTAR Electric distribution rates as a result of the November 30, 2017 DPU distribution rate case decision (earnings benefit)	(30.5)
Addition of Aquarion operations and maintenance expenses due to acquisition on December 4, 2017	7.2
Eversource Parent and Other Companies - other operations and maintenance	8.2
Eliminations	(32.8)
Total Operations and Maintenance	\$ (46.4)

Depreciation expense increased in 2017, as compared to 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms, and the amortization of certain costs. The deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets, Net increased in 2017, as compared to 2016, due primarily to the deferral of energy supply and energy-related costs which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs at the electric and natural gas companies are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense decreased in 2017, as compared to 2016, due primarily to a State of Connecticut policy change impacting CL&P requiring the remittance of \$25.4 million of 2017 energy efficiency funds to the State (resulting in these costs being classified as Taxes Other than Income Taxes), and the deferral adjustment at NSTAR Electric. The deferral adjustment reflects the actual costs of energy efficiency programs compared to the estimated amounts billed to customers. The deferral adjusts costs incurred to match energy efficiency revenue billed to customers and the timing of the recovery of energy efficiency costs. The costs for various state energy policy initiatives and expanded energy efficiency programs are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense increased in 2017, as compared to 2016, due primarily to a State of Connecticut policy change requiring \$25.4 million of 2017 CL&P energy efficiency costs to be remitted to the State of Connecticut that is included in Taxes Other than Income Taxes, an increase in property taxes as a result of higher utility plant balances, partially offset by a decrease in gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.

Interest Expense increased in 2017, as compared to 2016, due primarily to an increase in interest on long-term debt (\$30.3 million) as a result of new debt issuances and an increase in interest on notes payable (\$5.1 million), partially offset by a decrease in regulatory deferrals, primarily at NSTAR Electric, which decreased interest expense (\$14.7 million) due primarily to the November 30, 2017 NSTAR Electric DPU distribution rate case decision which allowed for a higher rate on carrying charges for past storm costs.

Other Income, Net increased in 2017, as compared to 2016, due primarily to increased gains on investments (\$27.2 million), primarily related to Eversource's investment in a renewable energy fund, changes in the market value related to deferred compensation plans (\$8.3 million) and higher AFUDC related to equity funds (\$8.2 million). Partially offsetting these favorable impacts was the absence in 2017 of a gain on the sale of an unregulated business in 2016 (\$11.8 million) and lower interest income (\$3.3 million).

Income Tax Expense increased in 2017, as compared to 2016, due primarily to higher pre-tax earnings (\$29.1 million), lower excess tax benefit (\$16.2 million), the absence of tax credits in 2017 (\$3.5 million), and the impact from federal tax rate change (\$0.5 million), partially offset by items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences (\$11.4 million), the sale of an unregulated business in 2016 (\$10.2 million), and lower state taxes (\$3.8 million).

**RESULTS OF OPERATIONS –
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY**

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P, NSTAR Electric and PSNH for the years ended December 31, 2017 and 2016 included in this Annual Report on Form 10-K:

	For the Years Ended December 31,								
	CL&P			NSTAR Electric			PSNH		
	2017	2016	Increase/(Decrease)	2017	2016	Increase/(Decrease)	2017	2016	Increase/(Decrease)
(Millions of Dollars)									
Operating Revenues	\$ 2,887.4	\$ 2,806.0	\$ 81.4	\$ 2,980.6	\$ 3,041.6	\$ (61.0)	\$ 981.6	\$ 959.5	\$ 22.1
Operating Expenses:									
Purchased Power, Fuel and Transmission	930.8	919.7	11.1	1,025.4	1,084.3	(58.9)	237.5	210.8	26.7
Operations and Maintenance	500.4	490.1	10.3	463.7	489.9	(26.2)	257.2	260.8	(3.6)
Depreciation	249.4	230.5	18.9	274.0	259.3	14.7	128.2	116.5	11.7
Amortization of Regulatory Assets/(Liabilities), Net	83.2	38.8	44.4	33.8	34.3	(0.5)	(16.6)	11.2	(27.8)
Energy Efficiency Programs	114.7	154.0	(39.3)	294.1	321.8	(27.7)	13.8	14.2	(0.4)
Taxes Other Than Income Taxes	323.8	299.7	24.1	182.0	177.8	4.2	89.7	82.9	6.8
Total Operating Expenses	2,202.3	2,132.8	69.5	2,273.0	2,367.4	(94.4)	709.8	696.4	13.4
Operating Income	685.1	673.2	11.9	707.6	674.2	33.4	271.8	263.1	8.7
Interest Expense	143.0	144.1	(1.1)	105.7	108.4	(2.7)	51.0	50.0	1.0
Other Income, Net	21.2	13.5	7.7	14.9	10.8	4.1	3.9	1.2	2.7
Income Before Income Tax Expense	563.3	542.6	20.7	616.8	576.6	40.2	224.7	214.3	10.4
Income Tax Expense	186.6	208.3	(21.7)	242.1	225.8	16.3	88.7	82.3	6.4
Net Income	\$ 376.7	\$ 334.3	\$ 42.4	\$ 374.7	\$ 350.8	\$ 23.9	\$ 136.0	\$ 132.0	\$ 4.0

Operating Revenues

A summary of our retail electric GWh sales volumes was as follows:

	Rate Structure	For the Years Ended December 31,			
		2017	2016	Decrease	Percent
CL&P	Decoupled	20,950	21,617	(667)	(3.1)%
NSTAR Electric (eastern Massachusetts)	Traditional	20,097	20,619	(522)	(2.5)%
NSTAR Electric (western Massachusetts)	Decoupled	3,441	3,546	(105)	(3.0)%
PSNH	Traditional	7,758	7,860	(102)	(1.3)%

Fluctuations in retail electric sales volumes at certain of the electric utilities impact earnings ("Traditional" in the table above). For others, fluctuations in retail electric sales volumes do not impact earnings due to their regulatory commission-approved distribution revenue decoupling mechanisms ("Decoupled" in the table above). These distribution revenues are decoupled from their customer sales volumes, which breaks the relationship between sales volumes and revenues recognized.

In 2017 and 2016, NSTAR Electric operated under two different rate structures based on its service territory geography. For customers that were served in eastern Massachusetts, including metropolitan Boston, Cape Cod and Martha's Vineyard, NSTAR Electric operated using traditional rates. For customers that were served in western Massachusetts, including the metropolitan Springfield region, NSTAR Electric operated using decoupled rates. Effective February 1, 2018, all of NSTAR Electric's distribution revenues were decoupled as a result of the DPU-approved rate decision. See "Regulatory Developments and Rate Matters - Massachusetts - NSTAR Electric Distribution Rate Case Decision" in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

CL&P and NSTAR Electric (for its western Massachusetts customer rates) reconcile their annual base distribution rate recovery amounts to their pre-established levels of baseline distribution delivery service revenues of \$1.059 billion and \$132.4 million, respectively, through December 31, 2017. Effective February 1, 2018, NSTAR Electric, operating entirely under decoupled rates, will reconcile its annual base distribution rate recovery to its new baseline of \$974.8 million. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased/(decreased) in 2017, as compared to 2016 as follows:

(Millions of Dollars)	CL&P	NSTAR Electric	PSNH
Operating Revenues	\$ 81.4	\$ (61.0)	\$ 22.1

Base Distribution Revenues, with changes that impact earnings:

- NSTAR Electric's base distribution revenues, excluding LBR, decreased \$10.8 million in 2017, as compared to 2016, as a result of lower sales volumes driven by the mild summer weather in 2017. LBR increased \$13.0 million in 2017, as compared to 2016. Effective February 1, 2018, NSTAR Electric no longer has an LBR mechanism.
- PSNH's base distribution revenues decreased \$1.5 million in 2017, as compared to 2016, as a result of lower sales volumes driven by the mild summer weather in 2017.

Tracked Revenues: Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through commission-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs, net metering for distributed generation and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked revenues increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

<i>(Millions of Dollars)</i>	CL&P	NSTAR Electric	PSNH
Energy supply procurement	\$ 18.8	\$ (50.8)	\$ 10.3
All other distribution tracking mechanisms	35.0	(33.7)	(12.7)

Transmission Revenues: Transmission revenues increased by \$34.2 million, \$31.0 million and \$26.5 million at CL&P, NSTAR Electric and PSNH, respectively, due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure.

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P, NSTAR Electric and PSNH's customers. For PSNH, these costs also include PSNH's generation of electricity. These energy supply costs are recovered from customers in commission-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

<i>(Millions of Dollars)</i>	CL&P	NSTAR Electric	PSNH
Purchased Power Costs	\$ (41.4)	\$ (27.9)	\$ 3.7
Transmission Costs	52.5	(31.0)	23.0
Total Purchased Power, Fuel and Transmission	\$ 11.1	\$ (58.9)	\$ 26.7

Purchased Power Costs: Included in purchased power costs are the costs associated with certain energy supply tracking mechanisms and deferred energy supply costs. Energy supply tracking mechanisms recover energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. In order to meet the demand of customers who have not migrated to third party suppliers, PSNH procures power through power supply contracts and spot purchases in the competitive New England wholesale power market and/or produces power through its own generation. The increase/(decrease) in purchased power costs in 2017, as compared to 2016, was due primarily to the following:

- The decrease at CL&P was due primarily to a decrease in the price of standard offer supply associated with the GSC.
- The decrease at NSTAR Electric was due primarily to lower prices associated with the procurement of energy supply, lower sales volumes and the expiration of certain purchase power agreements.
- The increase at PSNH was due primarily to higher purchased power energy expenses that are recovered as a component of the Energy Service rate, and Regional Greenhouse Gas Initiative related expenses recovered in the SCRC.

Transmission Costs: Included in transmission costs are charges that recover the cost of transporting electricity over high-voltage lines from generating plants to substations, including costs allocated by ISO-NE to maintain the wholesale electric market. The increase/(decrease) in transmission costs in 2017, as compared to 2016, was due primarily to the following:

- The increase at CL&P was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment, Local Network Service charges, which reflect the cost of transmission service, and the retail transmission cost deferral, which reflects the actual costs of transmission service compared to estimated amounts billed to customers.
- The decrease at NSTAR Electric was primarily the result of a decrease in the retail transmission cost deferral. This was partially offset by an increase in costs billed by ISO-NE.
- The increase at PSNH was primarily the result of increases in costs billed by ISO-NE, Local Network Service charges, and the retail transmission cost deferral.

Operations and Maintenance expense includes tracked costs and costs that are part of base distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

(Millions of Dollars)

	CL&P	NSTAR Electric	PSNH
Base Electric Distribution (Non-Tracked Costs):			
Employee-related expenses, including labor and benefits	\$ (4.5)	\$ (36.6)	\$ (6.3)
Bad debt expense	(6.8)	(7.5)	(0.2)
Shared corporate costs (including computer software depreciation at Eversource Service)	7.8	12.6	3.8
Boston Harbor civil action settlement charges	—	16.0	—
Other non-tracked operations and maintenance	8.8	0.6	(2.0)
Total Base Electric Distribution (Non-Tracked Costs)	5.3	(14.9)	(4.7)
Tracked Costs:			
Employee-related expenses, including labor and benefits	1.3	(16.2)	(0.5)
Other tracked operations and maintenance	3.7	4.9	1.6
Total Tracked Costs	5.0	(11.3)	1.1
Total Operations and Maintenance	\$ 10.3	\$ (26.2)	\$ (3.6)

Depreciation increased at CL&P, NSTAR Electric and PSNH in 2017, as compared to 2016, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets/(Liabilities), Net expense includes the deferral of energy supply and energy-related costs and the amortization of storm and other costs. Amortization of Regulatory Assets/(Liabilities), Net increased at CL&P and decreased for both NSTAR Electric and PSNH in 2017, as compared to 2016, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. The deferral adjusts expense to match the corresponding revenues. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Energy Efficiency Programs expense includes costs for various state policy initiatives and are recovered from customers in rates and have no impact on earnings. Energy Efficiency Programs expense decreased in 2017, as compared to 2016, due primarily to the following:

- The decrease at CL&P is due primarily to a State of Connecticut policy change requiring the remittance of \$25.4 million of 2017 energy efficiency funds to the State. These amounts collected from customers were reclassified to Taxes Other than Income Taxes.
- The decrease at NSTAR Electric is due to the deferral adjustment, which reflects the actual cost of energy efficiency programs compared to the estimated amounts billed to customers and the timing of the recovery of energy efficiency costs. The deferral adjusts costs to match energy efficiency revenue billed to customers.

Taxes Other Than Income Taxes increased in 2017, as compared to 2016, due primarily to the following:

- The increase at CL&P is due primarily to a State of Connecticut policy change requiring the remittance of \$25.4 million of 2017 energy efficiency funds to the State and higher utility plant balances, partially offset by a decrease in gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.
- The increase at NSTAR Electric is due primarily to higher property taxes resulting from disallowed costs in the November 30, 2017 NSTAR Electric DPU distribution rate case decision and higher employee-related payroll taxes, partially offset by a decrease in property tax rates in Boston.
- The increase at PSNH is due to an increase in property taxes as a result of higher utility plant balances.

Interest Expense at NSTAR Electric decreased in 2017, as compared to 2016, due primarily to lower deferred regulatory interest expense (\$14.0 million), primarily as a result of the November 30, 2017 NSTAR Electric DPU distribution rate case decision, which allowed for a higher interest rate on carrying charges for past storm costs, partially offset by an increase in interest on long-term debt (\$9.6 million).

Other Income, Net increased in 2017, as compared to 2016, due primarily to the following:

- The increase at CL&P is due to higher AFUDC related to equity funds (\$5.9 million) and market value changes related to the deferred compensation plans (\$6.3 million), partially offset by lower interest income (\$4.4 million).
- The increase at NSTAR Electric is due to market value changes related to the deferred compensation plans (\$1.6 million), an increase in amounts related to officer life insurance policies (\$1.3 million) and an increase in interest income (\$1.2 million).
- The increase at PSNH is due to market value changes related to the deferred compensation plans (\$1.5 million).

Income Tax Expense increased/(decreased) in 2017, as compared to 2016, due primarily to the following:

- The decrease at CL&P is due primarily to the tax reform impacts on the federal tax effect of state reserves and credits (\$10.7 million), items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences (\$10.1 million), the true up of the return to provision impacts (\$2.6 million), and lower state taxes (\$5.5 million), partially offset by higher pre-tax earnings (\$7.2 million).
- The increase at NSTAR Electric is due primarily to higher pre-tax earnings (\$14.5 million), higher state taxes (\$2.4 million), partially offset by items that impact our tax rate as a result of flow-through items and permanent differences (\$0.6 million).
- The increase at PSNH is due primarily to higher pre-tax earnings (\$3.6 million) and the absence of tax credits in 2017 (\$3.5 million), partially offset by items that impact our tax rate as a result of flow-through items and permanent differences (\$0.7 million).

EARNINGS SUMMARY

CL&P's earnings increased \$42.4 million in 2017, as compared to 2016, due primarily to a lower effective tax rate, an increase in transmission earnings driven by a higher transmission rate base, and higher distribution revenues due in part to a higher rate base for the system resiliency program. These favorable earnings impacts were partially offset by higher depreciation expense, higher operations and maintenance expense, and higher property tax expense.

NSTAR Electric's earnings increased \$23.9 million in 2017, as compared to 2016, due primarily to higher distribution revenues related to lost base revenues, net metering and the PAM, lower operations and maintenance expense, lower interest expense as a result of the November 30, 2017 NSTAR Electric distribution rate case decision, and an increase in transmission earnings driven by a higher transmission rate base. These favorable earnings impacts were partially offset by lower sales volumes driven by the mild summer weather in 2017, higher depreciation expense, and higher property tax expense.

PSNH's earnings increased \$4.0 million in 2017, as compared to 2016, due primarily to an increase in transmission earnings driven by a higher transmission rate base and lower operations and maintenance expense. These favorable earnings impacts were partially offset by lower generation earnings, higher depreciation expense, higher property tax expense, lower sales volumes driven by the mild summer weather in 2017, and a higher effective tax rate.

LIQUIDITY

CL&P:

Cash totaled \$6.0 million as of December 31, 2017, compared with \$6.6 million as of December 31, 2016.

CL&P had cash flows provided by operating activities of \$804.6 million in 2017, compared with \$811.5 million in 2016. The decrease in operating cash flows was due primarily to income tax payments of \$68.8 million made in 2017, compared to the income tax refunds of \$73.9 million received in 2016. Partially offsetting this decrease was the timing of regulatory recoveries, an increase in distribution rates due to higher rate base, and the timing of collections and payments related to our working capital items.

Eversource parent has a \$1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt, with intercompany loans to certain subsidiaries, including CL&P. The weighted-average interest rate on the commercial paper borrowings as of December 31, 2017 and 2016 was 1.86 percent and 0.88 percent, respectively. As of December 31, 2017 and 2016, there were intercompany loans from Eversource parent to CL&P of \$69.5 million and \$80.1 million, respectively. Eversource parent, and certain of its subsidiaries, including CL&P, are parties to a five-year \$1.45 billion revolving credit facility. On December 8, 2017, Eversource parent amended and restated the revolving credit facility. The amended and restated credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's \$1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of December 31, 2017 or 2016.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. CL&P's investments totaled \$824.4 million in 2017, compared with \$612.0 million in 2016.

Financing activities in 2017 included \$254.8 million in common stock dividends paid to Eversource parent.

NSTAR Electric:

NSTAR Electric had cash flows provided by operating activities of \$638.4 million in 2017, as compared to \$808.7 million in 2016. The decrease in operating cash flows was due primarily to a decrease in regulatory recoveries, which were significantly impacted by the timing of collections of purchased power and transmission costs, an increase of \$53.4 million in Pension and PBOP Plan cash contributions and an increase of \$29.5 million in income tax payments made in 2017, compared to 2016. Also contributing to the decrease was the timing of working capital items, including accounts payable and inventory.

NSTAR Electric has a \$650.0 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. On December 8, 2017, NSTAR Electric increased its commercial paper program from \$450 million to \$650 million. As of December 31, 2017 and 2016, NSTAR Electric had \$234.0 million and \$126.5 million, respectively, in short-term borrowings outstanding under its commercial paper program, leaving \$416.0 million and \$323.5 million of available borrowing capacity as of December 31, 2017 and 2016, respectively. The weighted-average interest rate on these borrowings as of December 31, 2017 and 2016 was 1.55 percent and 0.71 percent, respectively. NSTAR Electric is also a party to a five-year \$650.0 million revolving credit facility. On December 8, 2017, NSTAR Electric amended and restated the revolving credit facility, increasing it from \$450 million to \$650 million. The amended and restated credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's \$650.0 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of December 31, 2017 or 2016.

PSNH:

PSNH had cash flows provided by operating activities of \$300.9 million in 2017, as compared to \$361.8 million in 2016. The decrease in operating cash flows was due primarily to the income tax payments of \$26.1 million made in 2017, compared to the income tax refunds of \$36.0 million received in 2016 and the unfavorable impacts related to the timing of regulatory recoveries. Partially offsetting these decreases were the timing of collections and payments of our working capital items, including accounts payable and inventory, and a \$16.3 million decrease in Pension Plan cash contributions.

RESULTS OF OPERATIONS – EVERSOURCE ENERGY AND SUBSIDIARIES

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for Eversource for the years ended December 31, 2016 and 2015 included in this Annual Report on Form 10-K:

(Millions of Dollars)	For the Years Ended December 31,			
	2016	2015	Increase/(Decrease)	Percent
Operating Revenues	\$ 7,639.1	\$ 7,954.8	\$ (315.7)	(4.0)%
Operating Expenses:				
Purchased Power, Fuel and Transmission	2,500.8	3,086.9	(586.1)	(19.0)
Operations and Maintenance	1,323.5	1,329.3	(5.8)	(0.4)
Depreciation	715.5	665.9	49.6	7.4
Amortization of Regulatory Assets, Net	71.7	22.3	49.4	(a)
Energy Efficiency Programs	533.7	495.7	38.0	7.7
Taxes Other Than Income Taxes	634.0	590.5	43.5	7.4
Total Operating Expenses	5,779.2	6,190.6	(411.4)	(6.6)
Operating Income	1,859.9	1,764.2	95.7	5.4
Interest Expense	401.0	372.4	28.6	7.7
Other Income, Net	45.9	34.2	11.7	34.2
Income Before Income Tax Expense	1,504.8	1,426.0	78.8	5.5
Income Tax Expense	555.0	540.0	15.0	2.8
Net Income	949.8	886.0	63.8	7.2
Net Income Attributable to Noncontrolling Interests	7.5	7.5	—	—
Net Income Attributable to Common Shareholders	\$ 942.3	\$ 878.5	\$ 63.8	7.3 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues

A summary of our Operating Revenues by segment was as follows:

(Millions of Dollars)	For the Years Ended December 31,			
	2016	2015	Increase/(Decrease)	Percent
Electric Distribution	\$ 5,594.3	\$ 5,903.6	\$ (309.3)	(5.2)%
Natural Gas Distribution	857.7	995.5	(137.8)	(13.8)
Electric Transmission	1,210.0	1,069.1	140.9	13.2
Other and Eliminations	(22.9)	(13.4)	(9.5)	70.9
Total Operating Revenues	\$ 7,639.1	\$ 7,954.8	\$ (315.7)	(4.0)%

A summary of our retail electric GWh sales volumes and our firm natural gas sales volumes in MMcf were as follows:

	For the Years Ended December 31,			
	2016	2015	Decrease	Percent
Electric				
Traditional	28,479	28,982	(503)	(1.7)%
Decoupled	25,163	25,634	(471)	(1.8)
Total Electric	53,642	54,616	(974)	(1.8)%
Firm Natural Gas				
Traditional	45,314	47,600	(2,286)	(4.8)%
Decoupled and Special Contracts	52,728	55,399	(2,671)	(4.8)
Total Firm Natural Gas	98,042	102,999	(4,957)	(4.8)%

Operating Revenues, which primarily consist of base electric and natural gas distribution revenues and tracked revenues further described below, decreased by \$315.7 million in 2016, as compared to 2015.

Base electric and natural gas distribution revenues: Base electric distribution segment revenues increased by \$19.9 million due primarily to a higher rate base resulting from the 2015 PURA ADIT settlement agreement that is being collected from customers in distribution rates at CL&P (\$26.1 million) and the absence of a required ROE reduction in 2015, as stipulated in the PURA 2014 rate case decision, at CL&P (\$4 million). This increase was partially offset by the absence of the benefit recognized in 2015 in Operating Revenues due to the PURA ADIT settlement agreement. In addition, traditional electric base distribution revenues decreased \$10.1 million due to a 1.7 percent decrease in non-decoupled retail electric sales volumes due primarily to increased customer energy conservation efforts, partly offset by PSNH distribution rate increases effective July 1, 2015 and July 1, 2016.

Contributing to the decrease in Operating Revenues in 2016 was the absence of an \$11 million benefit related to the Comprehensive Settlement Agreement associated with the recovery of LBR related to 2009 through 2011 energy efficiency programs recorded at NSTAR Electric in 2015.

Firm natural gas base distribution segment revenues increased \$11.7 million due primarily to the impact of the NSTAR Gas base distribution rate increase effective January 1, 2016, partially offset by a 4.8 percent decrease in traditional firm natural gas sales volumes as a result of warmer than normal weather experienced in the first quarter of 2016, as compared to much colder than normal temperatures in 2015.

Fluctuations in CL&P's, NSTAR Electric's and NSTAR Gas' sales volumes do not impact the level of base distribution revenue realized or earnings due to their respective regulatory commission approved revenue decoupling mechanisms. The revenue decoupling mechanisms permit recovery of a base amount of distribution revenues and break the relationship between sales volumes and revenues recognized. Revenue decoupling mechanisms result in the recovery of our approved base distribution revenue requirements.

Tracked distribution revenues: Tracked revenues consist of certain costs that are recovered from customers in rates through regulatory commission-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement costs and other energy-related costs for our electric and natural gas customers, retail transmission charges, energy efficiency program costs, and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked electric distribution segment revenues decreased as a result of decreases in energy supply costs (\$625.2 million), driven by decreased average retail rates and lower sales volumes, partially offset by an increase in retail electric transmission charges (\$84.6 million), an increase in federally mandated congestion charges (\$103.0 million), an increase in energy efficiency program revenues (\$51.7 million), an increase in stranded cost recovery charges (\$39.2 million) and an increase in net metering for distributed generation revenues (\$34.0 million). In addition, as a result of a change to the amounts collected in the system benefits charge, CL&P's calculated rate base increased, providing an increase to distribution revenues that positively impacted earnings by \$23.2 million.

In 2016, tracked natural gas distribution segment revenues decreased as a result of decreases in natural gas supply costs (\$128.2 million) driven by decreased average rates and lower sales volumes, and a decrease in energy efficiency program revenues (\$22.7 million).

Electric transmission revenues: The electric transmission segment revenues increased by \$140.9 million due primarily to the recovery of higher revenue requirements associated with ongoing investments in our transmission infrastructure and the absence in 2016 of a \$20 million reserve charge recorded in 2015 associated with the March 2015 FERC ROE order.

Other: Other revenues decreased due primarily to the sale of Eversource's unregulated contracting business on April 13, 2015 (\$11.4 million).

Purchased Power, Fuel and Transmission expense includes costs associated with purchasing electricity and natural gas on behalf of our customers. These energy supply costs are recovered from customers in rates through cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power, Fuel and Transmission expense decreased in 2016, as compared to 2015, due primarily to the following:

<i>(Millions of Dollars)</i>	(Decrease)/Increase
Electric Distribution	\$ (625.9)
Natural Gas Distribution	(130.3)
Transmission	170.1
Total Purchased Power, Fuel and Transmission	\$ (586.1)

The decrease in purchased power expense at the electric distribution business was driven by lower prices associated with the procurement of energy supply, lower sales volumes, and a decrease in the amount of electricity generated by PSNH facilities in 2016, as compared to 2015. The decrease in purchased power expense at the natural gas distribution business was due to lower sales volumes and lower average natural gas prices. The increase in transmission costs was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment.

Operations and Maintenance expense includes tracked costs and costs that are part of base electric and natural gas distribution rates with changes impacting earnings (non-tracked costs). Operations and Maintenance expense decreased in 2016, as compared to 2015, due primarily to the following:

(Millions of Dollars)

	Increase/(Decrease)
Base Electric Distribution:	
Absence of 2015 resolution of basic service bad debt adder mechanism at NSTAR Electric	\$ 24.2
Absence of 2015 regulatory proceedings benefiting NSTAR Electric	10.5
Employee-related expenses, including labor and benefits	(27.0)
Storm restoration costs	15.0
Write-off of software design costs	9.2
Other operations and maintenance	14.1
Total Base Electric Distribution	46.0
Total Base Natural Gas Distribution:	
Employee-related expenses, including labor and benefits	(15.5)
Other operations and maintenance	8.2
Total Base Natural Gas Distribution	(7.3)
Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution):	
Merger-related costs allowed for recovery through transmission rates (earnings benefit)	(27.5)
Other tracked operations and maintenance	41.8
Total Tracked costs (Electric Distribution, Electric Transmission and Natural Gas Distribution)	14.3
Other and eliminations:	
Integration costs	(27.2)
Absence of Eversource's unregulated electrical contracting business due to sale in April 2015, net	(13.9)
Eversource Parent and Other Companies	(2.8)
Eliminations	(14.9)
Total Operations and Maintenance	\$ (5.8)

Depreciation expense increased in 2016, as compared to 2015, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs included in certain regulatory-approved tracking mechanisms and the amortization of certain costs. The deferral adjusts expense to match the corresponding revenues. Amortization of Regulatory Assets, Net increased in 2016, as compared to 2015, due primarily to the deferral of energy supply and energy-related costs which can fluctuate from period to period based on the timing of costs incurred and the related rate changes to recover these costs. Energy supply and energy-related costs at CL&P, NSTAR Electric and PSNH, which are the primary drivers in amortization, are recovered from customers in rates and have no impact on earnings. The increase in Amortization of Regulatory Assets, Net for the year ended December 31, 2016 also includes the absence in 2016 of the \$11.7 million benefit recorded in 2015 at NSTAR Electric in connection with the Comprehensive Settlement Agreement.

Energy Efficiency Programs expense increased in 2016, as compared to 2015, due primarily to deferral adjustments at NSTAR Electric, partially offset by deferral adjustments for the natural gas businesses, which reflect the actual costs of energy efficiency programs compared to the estimated amounts billed to customers, and the timing of the recovery of energy efficiency costs incurred in accordance with the three-year program guidelines established by the DPU. The deferrals adjust expense to match the energy efficiency programs revenue. The costs for various state energy policy initiatives and expanded energy efficiency programs are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense increased in 2016, as compared to 2015, due primarily to an increase in property taxes as a result of higher utility plant balances and an increase in gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.

Interest Expense increased in 2016, as compared to 2015, due primarily to an increase in interest on long-term debt (\$33.8 million) as a result of new debt issuances and an increase in interest on notes payable (\$2.2 million), partially offset by a decrease in regulatory deferrals which decreased interest expense (\$5.5 million).

Other Income, Net increased in 2016, as compared to 2015, due primarily to higher equity AFUDC amounts (\$7.4 million), higher gains related to the sales of unregulated businesses (\$9.4 million) and an increase in interest income (\$4.1 million). Partially offsetting these favorable impacts were the market value changes related to deferred compensation plans (\$9.6 million).

Income Tax Expense increased in 2016, as compared to 2015, due primarily to higher pre-tax earnings (\$24.2 million), higher state taxes (\$7.5 million), and the sale of an unregulated business (\$10.2 million), partially offset by the excess tax benefit due to the adoption of new accounting guidance related to share based payment transactions (\$19.1 million), the true-up of the return to provision impacts and a higher tax benefit from a reduction in tax reserves (\$7.6 million), and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences (\$0.2 million).

EARNINGS SUMMARY

Regulated Companies: Our electric distribution segment earnings decreased \$44.3 million in 2016, as compared to 2015. The decrease was due primarily to the absence in 2016 of the resolution of NSTAR Electric's basic service bad debt adder mechanism recorded in 2015 (\$14.5 million), the absence in 2016 of the favorable impact associated with the NSTAR Electric Comprehensive Settlement Agreement recorded in 2015 (\$13.0 million), and higher depreciation expense. In addition, earnings decreased due to higher operations and maintenance expense (primarily related to the absence of a \$6.3 million regulatory benefit related to certain uncollectible hardship accounts receivable that was recorded in 2015 at NSTAR Electric, as well as higher storm restoration costs, higher vegetation management costs and the write-off of software design costs), higher property tax expense, and lower non-decoupled retail electric sales volumes due primarily to increased customer energy conservation efforts. These unfavorable earnings impacts were partially offset by increased CL&P distribution revenues primarily as a result of higher rate base and the absence of a required ROE reduction, as stipulated in the PURA 2014 rate case decision, and higher generation earnings.

Our electric transmission segment earnings increased \$66.3 million in 2016, as compared to 2015, due primarily to a higher transmission rate base as a result of increased investments in our transmission infrastructure, the FERC-allowed recovery of certain merger-related costs in 2016 (\$16.5 million), and the absence in 2016 of reserve charges in 2015 associated with the FERC ROE complaint proceedings (\$12.4 million).

Our natural gas distribution segment earnings increased \$5.3 million in 2016, as compared to 2015, due primarily to the impact of the NSTAR Gas base distribution rate increase effective January 1, 2016, the higher return earned on the NSTAR Gas System Enhancement Program ("GSEP") capital tracker mechanism effective in 2016, and lower operations and maintenance expense. These favorable earnings impacts were partially offset by lower non-decoupled firm natural gas sales volumes driven by the warmer than normal weather in the first quarter of 2016, as compared to the much colder than normal weather in the first quarter of 2015, higher property tax expense, and higher interest expense.

Eversource Parent and Other Companies: Eversource parent and other companies had earnings of \$31.0 million in 2016, compared with a net loss of \$5.5 million in 2015. The earnings increase was due primarily to lower income tax expense as a result of recognizing tax benefits from executive deferred compensation payments, which resulted from the adoption of a new accounting standard, and the absence in 2016 of integration costs, partially offset by higher interest expense.

LIQUIDITY

Cash flows provided by operating activities totaled \$2.2 billion in 2016, compared with \$1.4 billion in 2015. The increase in operating cash flows was due primarily to the absence in 2016 of \$302 million in payments made in 2015 to fully satisfy the obligation with the DOE for costs associated with the disposal of spent nuclear fuel and high-level radioactive waste at previously owned generation facilities. In addition, there was an increase of \$226.0 million in regulatory recoveries, primarily at NSTAR Electric, due to \$98.1 million of collections from customers in excess of purchased power costs, the favorable impact associated with the December 2015 legislation that extended tax bonus depreciation, which resulted in a \$145.8 million decrease in income tax payments in 2016, as compared to 2015, and an increase of \$55.2 million of the Yankee Companies' DOE Damages and other proceeds received in 2016, as compared to 2015. Partially offsetting these favorable impacts was the timing of collections and payments related to our working capital items.

RESULTS OF OPERATIONS – THE CONNECTICUT LIGHT AND POWER COMPANY

The following provides the amounts and variances in operating revenues and expense line items in the statements of income for CL&P for the years ended December 31, 2016 and 2015 included in this Annual Report on Form 10-K:

(Millions of Dollars)	For the Years Ended December 31,			
	2016	2015	Increase/(Decrease)	Percent
Operating Revenues	\$ 2,806.0	\$ 2,802.7	\$ 3.3	0.1 %
Operating Expenses:				
Purchased Power and Transmission	919.7	1,054.3	(134.6)	(12.8)
Operations and Maintenance	490.1	487.3	2.8	0.6
Depreciation	230.5	215.3	15.2	7.1
Amortization of Regulatory Assets, Net	38.8	12.3	26.5	(a)
Energy Efficiency Programs	154.0	153.7	0.3	0.2
Taxes Other Than Income Taxes	299.7	268.7	31.0	11.5
Total Operating Expenses	2,132.8	2,191.6	(58.8)	(2.7)
Operating Income	673.2	611.1	62.1	10.2
Interest Expense	144.1	145.8	(1.7)	(1.2)
Other Income, Net	13.5	11.5	2.0	17.4
Income Before Income Tax Expense	542.6	476.8	65.8	13.8
Income Tax Expense	208.3	177.4	30.9	17.4
Net Income	\$ 334.3	\$ 299.4	\$ 34.9	11.7 %

(a) Percent greater than 100 not shown as it is not meaningful.

Operating Revenues

CL&P's retail sales volumes were as follows:

	For the Years Ended December 31,			
	2016	2015	Decrease	Percent
Retail Sales Volumes in GWh	21,617	22,071	(454)	(2.1)%

CL&P's Operating Revenues, which consist of base distribution revenues and tracked revenues further described below, increased by \$3.3 million in 2016, as compared to 2015.

Base distribution revenues increased by \$30.1 million due to a higher rate base resulting from the 2015 PURA ADIT settlement agreement that is being collected from customers in distribution rates (\$26.1 million) and the absence of a required ROE reduction, as stipulated in the PURA 2014 rate case decision, recorded in 2015 (\$4 million). This increase was partially offset by the absence of the benefit recognized in 2015 in Operating Revenues due to the PURA ADIT settlement agreement.

Fluctuations in CL&P's sales volumes do not impact the level of base distribution revenue realized or earnings due to the PURA approved revenue decoupling mechanism. CL&P's revenue decoupling mechanism permits recovery of a base amount of distribution revenues (\$1.059 billion annually) and breaks the relationship between sales volumes and revenues recognized. The revenue decoupling mechanism results in the recovery of approved base distribution revenue requirements.

Fluctuations in the overall level of operating revenues are primarily related to tracked revenues. Tracked revenues consist of certain costs that are recovered from customers in rates through PURA-approved cost tracking mechanisms and therefore have no impact on earnings. Costs recovered through cost tracking mechanisms include energy supply procurement and other energy-related costs, retail transmission charges, energy efficiency program costs and restructuring and stranded cost recovery revenues. In addition, tracked revenues include certain incentives earned and carrying charges. Tracked distribution revenues decreased primarily as a result of a decrease in energy supply costs (\$222.4 million) driven by decreased average retail rates and lower sales volumes. Partially offsetting this decrease was an increase in federally mandated congestion charges (\$103.0 million) and an increase in competitive transition assessment charges (\$31.7 million). In addition, as a result of a change to the amounts collected in the system benefits charge, CL&P's calculated rate base increased, providing an increase to distribution revenues that impacted earnings of \$23.2 million.

Transmission revenues increased by \$62.7 million due primarily to higher revenue requirements associated with ongoing investments in our transmission infrastructure and the absence in 2016 of a \$12.5 million reserve charge recorded in 2015 associated with the March 2015 FERC ROE order.

Purchased Power and Transmission expense includes costs associated with purchasing electricity on behalf of CL&P's customers. These energy supply costs are recovered from customers in PURA-approved cost tracking mechanisms, which have no impact on earnings (tracked costs). Purchased Power and Transmission expense decreased in 2016, as compared to 2015, due primarily to the following:

<i>(Millions of Dollars)</i>	<i>(Decrease)/Increase</i>
Purchased Power Costs	\$ (173.1)
Transmission Costs	38.5
Total Purchased Power and Transmission	\$ (134.6)

Included in purchased power costs are the costs associated with CL&P's GSC and deferred energy supply costs. The GSC recovers energy-related costs incurred as a result of providing electric generation service supply to all customers who have not migrated to third party suppliers. The decrease in purchased power costs in 2016, compared to 2015, was due primarily to a decrease in the price of standard offer supply, as well as lower sales volumes. The increase in transmission costs was primarily the result of an increase in costs billed by ISO-NE that support regional grid investment.

Operations and Maintenance expense increased in 2016, as compared to 2015, driven by a \$9.2 million increase in tracked costs, which have no earnings impact, that was primarily attributable to higher transmission expenses, partially offset by a \$6.4 million decrease in non-tracked costs, which was primarily attributable to lower employee-related expenses, partially offset by higher storm restoration costs and the write-off of software design costs.

Depreciation increased in 2016, as compared to 2015, due primarily to higher utility plant in service balances.

Amortization of Regulatory Assets, Net expense includes the deferral of energy supply and energy-related costs and the amortization of storm and other costs. Amortization of Regulatory Assets, Net increased in 2016, as compared to 2015, due primarily to the deferral adjustment of energy supply and energy-related costs, which can fluctuate from period to period based on the timing of costs incurred and related rate changes to recover these costs. The deferral adjusts expense to match the corresponding revenues. Energy supply and energy-related costs, which are the primary drivers of amortization, are recovered from customers in rates and have no impact on earnings.

Taxes Other Than Income Taxes expense increased in 2016, as compared to 2015, due primarily to an increase in property taxes as a result of both an increase in utility plant balances and an increase in gross earnings taxes. Gross earnings taxes are recovered from customers in rates and have no impact on earnings.

Interest Expense decreased in 2016, as compared to 2015, due primarily to lower deferred regulatory interest expense (\$5.0 million) and a decrease in interest expense related to deposits (\$1.3 million), partially offset by an increase in interest on long-term debt (\$5.1 million).

Income Tax Expense increased in 2016, as compared to 2015, due primarily to higher pre-tax earnings (\$23.2 million), higher state taxes (\$1.5 million), and items that impact our tax rate as a result of regulatory treatment (flow-through items) and permanent differences (\$7.7 million), partially offset by the excess tax benefit due to the adoption of new accounting guidance related to share-based payment transactions (\$0.9 million), and the true-up of the return to provision impacts and a lower tax benefit from a reduction in tax reserves (\$0.5 million).

EARNINGS SUMMARY

CL&P's earnings increased \$34.9 million in 2016, as compared to 2015, due primarily to an increase in transmission earnings driven by a higher transmission rate base, as well as the absence in 2016 of the 2015 FERC ROE complaint proceedings reserve charge, higher distribution revenues as a result of higher rate base and the absence of a required ROE reduction, as stipulated in the PURA 2014 rate case decision, and lower operations and maintenance expense. These favorable earnings impacts were partially offset by higher property and other tax expense, a higher effective tax rate and higher depreciation expense.

LIQUIDITY

Cash totaled \$6.6 million as of December 31, 2016, compared with \$1.1 million as of December 31, 2015.

Eversource parent has a \$1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt, with intercompany loans to certain subsidiaries, including CL&P. The weighted-average interest rate on the commercial paper borrowings as of December 31, 2016 and 2015 was 0.88 percent and 0.72 percent, respectively. As of December 31, 2016 and 2015, there were intercompany loans from Eversource parent to CL&P of \$80.1 million and \$277.4 million, respectively.

Eversource parent, and certain of its subsidiaries, including CL&P, are parties to a five-year \$1.45 billion revolving credit facility. Effective September 26, 2016, the revolving credit facility's termination date was extended for one additional year to September 4, 2021. There were no borrowings outstanding on the revolving credit facility as of December 31, 2016 or 2015.

In 2016, CL&P had cash flows provided by operating activities of \$811.5 million, compared with \$298.3 million in 2015. The increase in operating cash flows was due primarily to the absence in 2016 of \$244.6 million in payments made in 2015 to fully satisfy the pre-1983 spent nuclear fuel obligation with the DOE, and the favorable impact associated with the December 2015 legislation that extended tax bonus depreciation, which resulted in income tax refunds of \$73.9 million received in 2016, as compared to income tax payments of \$55.2 million made in 2015. Also contributing to the favorable impact was an increase in distribution rates due to higher rate base and the timing of collections and payments related to our working capital items, including accounts receivable and accounts payable. Partially offsetting these impacts was the timing of regulatory recoveries primarily related to energy efficiency program costs.

Investments in Property, Plant and Equipment on the statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense. CL&P's investments totaled \$612.0 million in 2016, compared with \$523.8 million in 2015.

Financing activities in 2016 included \$199.6 million in common stock dividends paid to Eversource parent.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk Information

Commodity Price Risk Management: Our regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the regulated companies have no exposure to loss of future earnings or fair values due to these market risk-sensitive instruments. Eversource's Energy Supply Risk Committee, comprised of senior officers, reviews and approves all large-scale energy related transactions entered into by its regulated companies.

Other Risk Management Activities

We have an Enterprise Risk Management (ERM) program for identifying the principal risks of the Company. Our ERM program involves the application of a well-defined, enterprise-wide methodology designed to allow our Risk Committee, comprised of our senior officers and directors of the Company, to identify, categorize, prioritize, and mitigate the principal risks to the Company. The ERM program is integrated with other assurance functions throughout the Company including Compliance, Auditing, and Insurance to ensure appropriate coverage of risks that could impact the Company. In addition to known risks, ERM identifies emerging risks to the Company, through participation in industry groups, discussions with management and in consultation with outside advisers. Our management then analyzes risks to determine materiality, likelihood and impact, and develops mitigation strategies. Management broadly considers our business model, the utility industry, the global economy and the current environment to identify risks. The Finance Committee of the Board of Trustees is responsible for oversight of the Company's ERM program and enterprise-wide risks as well as specific risks associated with insurance, credit, financing, investments, pensions and overall system security including cyber security. The findings of the ERM process are periodically discussed with the Finance Committee of our Board of Trustees, as well as with other Board Committees or the full Board of Trustees, as appropriate, including reporting on how these issues are being measured and managed. However, there can be no assurances that the Enterprise Risk Management process will identify or manage every risk or event that could impact our financial position, results of operations or cash flows.

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long-term debt. As of December 31, 2017, approximately 98 percent of our long-term debt, including fees and interest due for CYAPC's spent nuclear fuel disposal costs, was at a fixed interest rate. The remaining long-term debt is at variable interest rates and is subject to interest rate risk that could result in earnings volatility. Assuming a one percentage point increase in our variable interest rates, annual interest expense would have increased by a pre-tax amount of \$2.7 million.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non-performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and transact with suppliers that include IPPs, industrial companies, natural gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

Our regulated companies are subject to credit risk from certain long-term or high-volume supply contracts with energy marketing companies. Our regulated companies manage the credit risk with these counterparties in accordance with established credit risk practices and monitor contracting risks, including credit risk. As of December 31, 2017, our regulated companies did not hold collateral (letters of credit) from counterparties related to our standard service contracts. As of December 31, 2017, Eversource had \$24.5 million of cash posted with ISO-NE related to energy transactions.

For further information on cash collateral deposited and posted with counterparties, see Note 1H, "Summary of Significant Accounting Policies - Deposits," to the financial statements.

If the respective unsecured debt ratings of Eversource or its subsidiaries were reduced to below investment grade by either Moody's or S&P, certain of Eversource's contracts would require additional collateral in the form of cash to be provided to counterparties and independent system operators. Eversource would have been and remains able to provide that collateral.

Item 8. Financial Statements and Supplementary Data

Eversource

Company Report on Internal Controls Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Financial Statements

CL&P

Company Report on Internal Controls Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Financial Statements

NSTAR Electric

Company Report on Internal Controls Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Financial Statements

PSNH

Company Report on Internal Controls Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Financial Statements

Company Report on Internal Controls Over Financial Reporting

Eversource Energy

Management is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements of Eversource Energy and subsidiaries (Eversource or the Company) and of other sections of this annual report. Eversource's internal controls over financial reporting were audited by Deloitte & Touche LLP.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, Eversource conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2017.

Management has excluded from our assessment of and conclusion on the effectiveness of internal controls over financial reporting the internal controls of Eversource Aquarion Holdings, Inc. (formerly Macquarie Utilities Inc.), acquired on December 4, 2017, which is included in the consolidated financial statements of the Company as of and for the year ended December 31, 2017, constituting 4.31% and 2.37% of total and net assets, respectively, as of December 31, 2017, and 0.20% of revenues for the year ended December 31, 2017.

February 23, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of Eversource Energy:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Eversource Energy and subsidiaries (the “Company”) as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, common shareholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedules listed in the Index at Item 15 of Part IV (collectively referred to as the “financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Company acquired Macquarie Utilities Inc. on December 4, 2017.

Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

As described in Company Report on Internal Controls Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Eversource Aquarion Holdings, Inc. (formerly Macquarie Utilities Inc.) which was acquired on December 4, 2017 and whose financial statements constitute 2.37% and 4.31% of net and total assets, respectively, and 0.20% of revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2017. Accordingly, our audit did not include the internal control over financial reporting at Eversource Aquarion Holdings, Inc.

Basis for Opinions

The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Company Report on Internal Controls Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 23, 2018

We have served as the Company's auditor since 2002.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31,	
	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 38,165	\$ 30,251
Receivables, Net	925,083	847,301
Unbilled Revenues	201,361	168,490
Fuel, Materials, Supplies and Inventory	223,063	328,721
Regulatory Assets	741,868	887,625
Prepayments and Other Current Assets	138,009	215,284
Assets Held for Sale	219,550	—
Total Current Assets	2,487,099	2,477,672
Property, Plant and Equipment, Net	23,617,463	21,350,510
Deferred Debits and Other Assets:		
Regulatory Assets	4,497,447	3,638,688
Goodwill	4,427,266	3,519,401
Marketable Securities	585,419	544,642
Other Long-Term Assets	605,692	522,260
Total Deferred Debits and Other Assets	10,115,824	8,224,991
Total Assets	\$ 36,220,386	\$ 32,053,173
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	\$ 1,088,087	\$ 1,148,500
Long-Term Debt – Current Portion	549,631	773,883
Accounts Payable	1,085,034	884,521
Regulatory Liabilities	128,071	146,787
Other Current Liabilities	738,222	684,914
Total Current Liabilities	3,589,045	3,638,605
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	3,297,518	5,607,207
Regulatory Liabilities	3,637,273	702,255
Derivative Liabilities	377,257	413,676
Accrued Pension, SERP and PBOP	1,228,091	1,141,514
Other Long-Term Liabilities	1,073,501	853,260
Total Deferred Credits and Other Liabilities	9,613,640	8,717,912
Capitalization:		
Long-Term Debt	11,775,889	8,829,354
Noncontrolling Interest - Preferred Stock of Subsidiaries	155,570	155,568
Equity:		
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid In	6,239,940	6,250,224
Retained Earnings	3,561,084	3,175,171
Accumulated Other Comprehensive Loss	(66,403)	(65,282)
Treasury Stock	(317,771)	(317,771)
Common Shareholders' Equity	11,086,242	10,711,734
Total Capitalization	23,017,701	19,696,656

Commitments and Contingencies (Note 11)

Total Liabilities and Capitalization	\$ 36,220,386	\$ 32,053,173
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The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars, Except Share Information)	For the Years Ended December 31,		
	2017	2016	2015
Operating Revenues	\$ 7,751,952	\$ 7,639,129	\$ 7,954,827
Operating Expenses:			
Purchased Power, Fuel and Transmission	2,535,271	2,500,828	3,086,905
Operations and Maintenance	1,277,147	1,323,549	1,329,289
Depreciation	773,802	715,466	665,856
Amortization of Regulatory Assets, Net	89,986	71,696	22,339
Energy Efficiency Programs	480,835	533,659	495,701
Taxes Other Than Income Taxes	676,757	634,072	590,573
Total Operating Expenses	5,833,798	5,779,270	6,190,663
Operating Income	1,918,154	1,859,859	1,764,164
Interest Expense	421,755	400,961	372,420
Other Income, Net	78,008	45,920	34,227
Income Before Income Tax Expense	1,574,407	1,504,818	1,425,971
Income Tax Expense	578,892	554,997	539,967
Net Income	995,515	949,821	886,004
Net Income Attributable to Noncontrolling Interests	7,519	7,519	7,519
Net Income Attributable to Common Shareholders	\$ 987,996	\$ 942,302	\$ 878,485
Basic Earnings Per Common Share	\$ 3.11	\$ 2.97	\$ 2.77
Diluted Earnings Per Common Share	\$ 3.11	\$ 2.96	\$ 2.76
Weighted Average Common Shares Outstanding:			
Basic	317,411,097	317,650,180	317,336,881
Diluted	318,031,580	318,454,239	318,432,687

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Dollars, Except Share Information)	For the Years Ended December 31,		
	2017	2016	2015
Net Income	\$ 995,515	\$ 949,821	\$ 886,004
Other Comprehensive (Loss)/Income, Net of Tax:			
Qualified Cash Flow Hedging Instruments	1,974	2,137	2,079
Changes in Unrealized (Losses)/Gains on Marketable Securities	(350)	2,294	(2,588)
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	(2,745)	(2,869)	7,674
Other Comprehensive (Loss)/Income, Net of Tax	(1,121)	1,562	7,165
Comprehensive Income Attributable to Noncontrolling Interests	(7,519)	(7,519)	(7,519)
Comprehensive Income Attributable to Common Shareholders	\$ 986,875	\$ 943,864	\$ 885,650

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(Thousands of Dollars, Except Share Information)	Common Shares		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Common Shareholders' Equity
	Shares	Amount					
Balance as of January 1, 2015	316,983,337	\$ 1,666,796	\$ 6,235,834	\$ 2,448,661	\$ (74,009)	\$ (300,467)	\$ 9,976,815
Net Income				886,004			886,004
Dividends on Common Shares - \$1.67 Per Share				(529,791)			(529,791)
Dividends on Preferred Stock				(7,519)			(7,519)
Issuance of Common Shares, \$5 Par Value	503,443	2,517	6,951				9,468
Long-Term Incentive Plan Activity			(6,140)				(6,140)
Increase in Treasury Shares	(295,531)		22,070			(9,510)	12,560
Other Changes in Shareholders' Equity			3,653				3,653
Other Comprehensive Income					7,165		7,165
Balance as of December 31, 2015	317,191,249	1,669,313	6,262,368	2,797,355	(66,844)	(309,977)	10,352,215
Net Income				949,821			949,821
Dividends on Common Shares - \$1.78 Per Share				(564,486)			(564,486)
Dividends on Preferred Stock				(7,519)			(7,519)
Issuance of Common Shares, \$5 Par Value	15,787	79	(5,639)				(5,560)
Long-Term Incentive Plan Activity			(6,056)				(6,056)
Increase in Treasury Shares	(321,228)					(7,794)	(7,794)
Other Changes in Shareholders' Equity			(449)				(449)
Other Comprehensive Income					1,562		1,562
Balance as of December 31, 2016	316,885,808	1,669,392	6,250,224	3,175,171	(65,282)	(317,771)	10,711,734
Net Income				995,515			995,515
Dividends on Common Shares - \$1.90 Per Share				(602,083)			(602,083)
Dividends on Preferred Stock				(7,519)			(7,519)
Long-Term Incentive Plan Activity			(10,834)				(10,834)
Other Changes in Shareholders' Equity			550				550
Other Comprehensive Loss					(1,121)		(1,121)
Balance as of December 31, 2017	316,885,808	\$ 1,669,392	\$ 6,239,940	\$ 3,561,084	\$ (66,403)	\$ (317,771)	\$ 11,086,242

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Operating Activities:			
Net Income	\$ 995,515	\$ 949,821	\$ 886,004
Adjustments to Reconcile Net Income to Net Cash Flows			
Provided by Operating Activities:			
Depreciation	773,802	715,466	665,856
Deferred Income Taxes	491,630	466,463	491,736
Pension, SERP and PBOP Expense	22,454	39,912	96,017
Pension and PBOP Contributions	(242,800)	(158,741)	(162,452)
Regulatory (Under)/Over Recoveries, Net	(47,935)	13,340	(163,287)
Amortization of Regulatory Assets, Net	89,986	71,696	22,339
Refunds/(Payments) Related to Spent Nuclear Fuel, Net	—	59,804	(297,253)
Other	(148,429)	(77,294)	(82,219)
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(117,155)	(142,699)	(39,797)
Fuel, Materials, Supplies and Inventory	(9,223)	7,755	34,112
Taxes Receivable/Accrued, Net	52,284	234,543	30,282
Accounts Payable	56,067	(14,126)	(91,618)
Other Current Assets and Liabilities, Net	88,738	9,112	44,031
Net Cash Flows Provided by Operating Activities	<u>2,004,934</u>	<u>2,175,052</u>	<u>1,433,751</u>
Investing Activities:			
Investments in Property, Plant and Equipment	(2,348,105)	(1,976,867)	(1,724,139)
Proceeds from Sales of Marketable Securities	832,903	659,338	799,165
Purchases of Marketable Securities	(810,507)	(681,272)	(717,114)
Acquisition of Aquarion	(877,652)	—	—
Payments to Acquire Investments	(32,634)	(188,958)	(23,353)
Other Investing Activities	25,521	36,951	6,291
Net Cash Flows Used in Investing Activities	<u>(3,210,474)</u>	<u>(2,150,808)</u>	<u>(1,659,150)</u>
Financing Activities:			
Cash Dividends on Common Shares	(602,083)	(564,486)	(529,791)
Cash Dividends on Preferred Stock	(7,519)	(7,519)	(7,519)
Increase/(Decrease) in Notes Payable	72,810	(12,453)	(242,122)
Issuance of Long-Term Debt	2,500,000	800,000	1,225,000
Retirements of Long-Term Debt	(745,000)	(200,000)	(216,700)
Other Financing Activities	(4,754)	(33,482)	(18,225)
Net Cash Flows Provided by/(Used in) Financing Activities	<u>1,213,454</u>	<u>(17,940)</u>	<u>210,643</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>7,914</u>	<u>6,304</u>	<u>(14,756)</u>
Cash and Cash Equivalents - Beginning of Year	<u>30,251</u>	<u>23,947</u>	<u>38,703</u>
Cash and Cash Equivalents - End of Year	<u>\$ 38,165</u>	<u>\$ 30,251</u>	<u>\$ 23,947</u>

The accompanying notes are an integral part of these consolidated financial statements.

Company Report on Internal Controls Over Financial Reporting

The Connecticut Light and Power Company

Management is responsible for the preparation, integrity, and fair presentation of the accompanying financial statements of The Connecticut Light and Power Company (CL&P or the Company) and of other sections of this annual report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, CL&P conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2017.

February 23, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of The Connecticut Light and Power Company:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of The Connecticut Light and Power Company (the "Company") as of December 31, 2017 and 2016, the related statements of income, comprehensive income, common stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15 of Part IV (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 23, 2018

We have served as the Company's auditor since 2002.

THE CONNECTICUT LIGHT AND POWER COMPANY
BALANCE SHEETS

(Thousands of Dollars)	As of December 31,	
	2017	2016
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 6,028	\$ 6,579
Receivables, Net	370,676	359,132
Accounts Receivable from Affiliated Companies	28,181	16,851
Unbilled Revenues	54,154	50,373
Materials, Supplies and Inventory	48,438	52,050
Regulatory Assets	200,281	335,526
Prepayments and Other Current Assets	46,926	52,670
Total Current Assets	754,684	873,181
Property, Plant and Equipment, Net	8,271,030	7,632,392
Deferred Debits and Other Assets:		
Regulatory Assets	1,444,935	1,391,564
Other Long-Term Assets	159,597	137,907
Total Deferred Debits and Other Assets	1,604,532	1,529,471
Total Assets	\$ 10,630,246	\$ 10,035,044
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 69,500	\$ 80,100
Long-Term Debt – Current Portion	300,000	250,000
Accounts Payable	367,605	289,532
Accounts Payable to Affiliated Companies	82,201	88,075
Obligations to Third Party Suppliers	52,860	55,520
Regulatory Liabilities	38,967	47,055
Derivative Liabilities	54,392	77,765
Other Current Liabilities	127,234	120,399
Total Current Liabilities	1,092,759	1,008,446
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,103,367	1,987,661
Regulatory Liabilities	1,112,136	100,138
Derivative Liabilities	376,918	412,750
Accrued Pension, SERP and PBOP	354,469	300,208
Other Long-Term Liabilities	128,135	123,244
Total Deferred Credits and Other Liabilities	3,075,025	2,924,001
Capitalization:		
Long-Term Debt	2,759,135	2,516,010
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	2,110,765	2,110,714
Retained Earnings	1,415,741	1,299,374
Accumulated Other Comprehensive Income/(Loss)	269	(53)
Common Stockholder's Equity	3,587,127	3,470,387
Total Capitalization	6,462,462	6,102,597

Commitments and Contingencies (Note 11)

Total Liabilities and Capitalization	\$	10,630,246	\$	10,035,044
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The accompanying notes are an integral part of these financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
STATEMENTS OF INCOME

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Operating Revenues	\$ 2,887,359	\$ 2,805,955	\$ 2,802,675
Operating Expenses:			
Purchased Power and Transmission	930,780	919,723	1,054,313
Operations and Maintenance	500,358	490,069	487,281
Depreciation	249,352	230,489	215,289
Amortization of Regulatory Assets, Net	83,166	38,765	12,318
Energy Efficiency Programs	114,713	154,015	153,725
Taxes Other Than Income Taxes	323,887	299,719	268,688
Total Operating Expenses	2,202,256	2,132,780	2,191,614
Operating Income	685,103	673,175	611,061
Interest Expense	142,973	144,110	145,795
Other Income, Net	21,242	13,497	11,490
Income Before Income Tax Expense	563,372	542,562	476,756
Income Tax Expense	186,646	208,308	177,396
Net Income	\$ 376,726	\$ 334,254	\$ 299,360

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Net Income	\$ 376,726	\$ 334,254	\$ 299,360
Other Comprehensive Income, Net of Tax:			
Qualified Cash Flow Hedging Instruments	334	444	444
Changes in Unrealized (Losses)/Gains on Marketable Securities	(12)	79	(89)
Other Comprehensive Income, Net of Tax	322	523	355
Comprehensive Income	\$ 377,048	\$ 334,777	\$ 299,715

The accompanying notes are an integral part of these financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

(Thousands of Dollars, Except Stock Information)	Common Stock		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Total Common Stockholder's Equity
	Stock	Amount				
Balance as of January 1, 2015	6,035,205	\$ 60,352	\$ 1,804,869	\$ 1,072,477	\$ (931)	\$ 2,936,767
Net Income				299,360		299,360
Dividends on Preferred Stock				(5,559)		(5,559)
Dividends on Common Stock				(196,000)		(196,000)
Allocation of Benefits - ESOP			743			743
Capital Stock Expenses, Net			51			51
Capital Contributions from Eversource Parent			105,000			105,000
Other Comprehensive Income					355	355
Balance as of December 31, 2015	6,035,205	60,352	1,910,663	1,170,278	(576)	3,140,717
Net Income				334,254		334,254
Dividends on Preferred Stock				(5,559)		(5,559)
Dividends on Common Stock				(199,599)		(199,599)
Capital Stock Expenses, Net			51			51
Capital Contributions from Eversource Parent			200,000			200,000
Other Comprehensive Income					523	523
Balance as of December 31, 2016	6,035,205	60,352	2,110,714	1,299,374	(53)	3,470,387
Net Income				376,726		376,726
Dividends on Preferred Stock				(5,559)		(5,559)
Dividends on Common Stock				(254,800)		(254,800)
Capital Stock Expenses, Net			51			51
Other Comprehensive Income					322	322
Balance as of December 31, 2017	6,035,205	\$ 60,352	\$ 2,110,765	\$ 1,415,741	\$ 269	\$ 3,587,127

The accompanying notes are an integral part of these financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY
STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Operating Activities:			
Net Income	\$ 376,726	\$ 334,254	\$ 299,360
Adjustments to Reconcile Net Income to Net Cash Flows			
Provided by Operating Activities:			
Depreciation	249,352	230,489	215,289
Deferred Income Taxes	119,295	168,919	135,994
Pension, SERP and PBOP Expense, Net of Pension Contributions	7,409	6,948	14,091
Regulatory Underrecoveries, Net	(8,017)	(68,730)	(53,781)
Amortization of Regulatory Assets, Net	83,166	38,765	12,318
Refunds/(Payments) Related to Spent Nuclear Fuel, Net	—	13,568	(242,231)
Other	(37,648)	(32,212)	(36,385)
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(47,768)	3,229	(29,195)
Materials and Supplies	3,612	(8,926)	22,810
Taxes Receivable/Accrued, Net	(9,688)	123,692	(13,517)
Accounts Payable	48,032	3,252	(16,910)
Other Current Assets and Liabilities, Net	20,080	(1,770)	(9,514)
Net Cash Flows Provided by Operating Activities	804,551	811,478	298,329
Investing Activities:			
Investments in Property, Plant and Equipment	(824,383)	(611,984)	(523,849)
Proceeds from the Sale of Property, Plant and Equipment	—	9,047	—
Other Investing Activities	236	296	(716)
Net Cash Flows Used in Investing Activities	(824,147)	(602,641)	(524,565)
Financing Activities:			
Cash Dividends on Common Stock	(254,800)	(199,599)	(196,000)
Cash Dividends on Preferred Stock	(5,559)	(5,559)	(5,559)
(Decrease)/Increase in Notes Payable to Eversource Parent	(10,600)	(197,300)	144,000
Issuance of Long-Term Debt	525,000	—	350,000
Retirements of Long-Term Debt	(250,000)	—	(162,000)
Capital Contributions from Eversource Parent	—	200,000	105,000
Other Financing Activities	15,004	(857)	(10,504)
Net Cash Flows Provided by/(Used in) Financing Activities	19,045	(203,315)	224,937
Net (Decrease)/Increase in Cash	(551)	5,522	(1,299)
Cash - Beginning of Year	6,579	1,057	2,356
Cash - End of Year	\$ 6,028	\$ 6,579	\$ 1,057

The accompanying notes are an integral part of these financial statements.

Company Report on Internal Controls Over Financial Reporting

NSTAR Electric Company

Management is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements of NSTAR Electric Company and subsidiary (NSTAR Electric or the Company) and of other sections of this annual report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, NSTAR Electric conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2017.

February 23, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of NSTAR Electric Company:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NSTAR Electric Company and subsidiary (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, common stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15 of Part IV (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Company merged with Western Massachusetts Electric Company on December 31, 2017 and financial information is presented as combined and consolidated for all periods presented.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 23, 2018

We have served as the Company's auditor since 2012.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31,	
	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,763	\$ 3,494
Receivables, Net	341,341	312,497
Accounts Receivable from Affiliated Companies	40,723	17,771
Unbilled Revenues	49,865	46,961
Materials, Supplies and Inventory	95,517	70,907
Regulatory Assets	333,882	353,522
Prepayments and Other Current Assets	24,499	56,066
Total Current Assets	887,590	861,218
Property, Plant and Equipment, Net	8,246,494	7,730,096
Deferred Debits and Other Assets:		
Regulatory Assets	1,190,575	1,185,037
Prepaid PBOP	126,948	91,607
Other Long-Term Assets	84,766	89,635
Total Deferred Debits and Other Assets	1,402,289	1,366,279
Total Assets	\$ 10,536,373	\$ 9,957,593
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	\$ 234,000	\$ 126,500
Notes Payable to Eversource Parent	—	51,000
Long-Term Debt – Current Portion	—	400,000
Accounts Payable	340,115	288,634
Accounts Payable to Affiliated Companies	91,260	105,775
Obligations to Third Party Suppliers	88,721	66,371
Renewable Portfolio Standards Compliance Obligations	111,524	95,954
Regulatory Liabilities	79,562	78,541
Other Current Liabilities	79,916	84,933
Total Current Liabilities	1,025,098	1,297,708
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,275,814	2,327,085
Regulatory Liabilities	1,514,451	409,050
Accrued Pension and SERP	89,995	128,751
Other Long-Term Liabilities	198,176	164,503
Total Deferred Credits and Other Liabilities	3,078,436	3,029,389
Capitalization:		
Long-Term Debt	2,943,759	2,244,653
Preferred Stock Not Subject to Mandatory Redemption	43,000	43,000
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	1,502,942	1,500,642
Retained Earnings	1,944,961	1,844,195
Accumulated Other Comprehensive Loss	(1,823)	(1,994)
Common Stockholder's Equity	3,446,080	3,342,843

Total Capitalization	<u>6,432,839</u>	<u>5,630,496</u>
Commitments and Contingencies (Note 11)		
Total Liabilities and Capitalization	<u>\$ 10,536,373</u>	<u>\$ 9,957,593</u>

The accompanying notes are an integral part of these consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Operating Revenues	\$ 2,980,629	\$ 3,041,588	\$ 3,198,887
Operating Expenses:			
Purchased Power and Transmission	1,025,414	1,084,324	1,366,779
Operations and Maintenance	463,737	489,882	392,888
Depreciation	274,008	259,262	240,132
Amortization of Regulatory Assets, Net	33,831	34,332	1,556
Energy Efficiency Programs	294,053	321,787	267,622
Taxes Other Than Income Taxes	181,959	177,837	171,563
Total Operating Expenses	2,273,002	2,367,424	2,440,540
Operating Income	707,627	674,164	758,347
Interest Expense	105,729	108,428	100,139
Other Income, Net	14,913	10,830	7,854
Income Before Income Tax Expense	616,811	576,566	666,062
Income Tax Expense	242,085	225,789	265,014
Net Income	\$ 374,726	\$ 350,777	\$ 401,048

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Net Income	\$ 374,726	\$ 350,777	\$ 401,048
Other Comprehensive Income, Net of Tax:			
Changes in Funded Status of SERP Benefit Plan	(264)	(177)	103
Qualified Cash Flow Hedging Instruments	438	437	380
Changes in Unrealized (Losses)/Gains on Marketable Securities	(3)	22	(25)
Other Comprehensive Income, Net of Tax	171	282	458
Comprehensive Income	\$ 374,897	\$ 351,059	\$ 401,506

The accompanying notes are an integral part of these consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

(Thousands of Dollars, Except Stock Information)	Common Stock		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stockholder's Equity
	Stock	Amount				
Balance as of January 1, 2015	200	\$ —	\$ 1,396,252	\$ 1,647,790	\$ (2,734)	\$ 3,041,308
Net Income				401,048		401,048
Dividends on Preferred Stock				(1,960)		(1,960)
Dividends on Common Stock				(235,200)		(235,200)
Other Changes in Stockholder's Equity			1,390			1,390
Other Comprehensive Income					458	458
Balance as of December 31, 2015	200	—	1,397,642	1,811,678	(2,276)	3,207,044
Net Income				350,777		350,777
Dividends on Preferred Stock				(1,960)		(1,960)
Dividends on Common Stock				(316,300)		(316,300)
Capital Contributions from Eversource Parent			103,000			103,000
Other Comprehensive Income					282	282
Balance as of December 31, 2016	200	—	1,500,642	1,844,195	(1,994)	3,342,843
Net Income				374,726		374,726
Dividends on Preferred Stock				(1,960)		(1,960)
Dividends on Common Stock				(272,000)		(272,000)
Capital Contributions from Eversource Parent			2,300			2,300
Other Comprehensive Income					171	171
Balance as of December 31, 2017	200	\$ —	\$ 1,502,942	\$ 1,944,961	\$ (1,823)	\$ 3,446,080

The accompanying notes are an integral part of these consolidated financial statements.

NSTAR ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Operating Activities:			
Net Income	\$ 374,726	\$ 350,777	\$ 401,048
Adjustments to Reconcile Net Income to Net Cash Flows			
Provided by Operating Activities:			
Depreciation	274,008	259,262	240,132
Deferred Income Taxes	110,499	101,698	212,583
Pension, SERP and PBOP (Income)/Expense, Net	(9,509)	(771)	11,639
Pension and PBOP Contributions	(90,721)	(37,305)	(9,886)
Regulatory (Under)/Over Recoveries, Net	(20,009)	118,385	(141,824)
Amortization of Regulatory Assets, Net	33,831	34,332	1,556
Bad Debt Expense	21,252	31,728	19,168
Refunds/(Payments) Related to Spent Nuclear Fuel	—	8,536	(56,001)
Other	(24,868)	(59,359)	(68,275)
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(50,896)	(70,302)	(17,028)
Materials, Supplies and Inventory	(24,610)	10,571	19
Taxes Receivable/Accrued, Net	39,205	60,774	62,148
Accounts Payable	(20,421)	18,000	(5,510)
Other Current Assets and Liabilities, Net	25,913	(17,607)	50,283
Net Cash Flows Provided by Operating Activities	638,400	808,719	700,052
Investing Activities:			
Investments in Property, Plant and Equipment	(719,623)	(664,932)	(604,018)
Proceeds from Sales of Marketable Securities	3,934	2,479	186,444
Purchases of Marketable Securities	(3,869)	(2,426)	(128,861)
Other Investing Activities	(3,617)	—	—
Net Cash Flows Used in Investing Activities	(723,175)	(664,879)	(546,435)
Financing Activities:			
Cash Dividends on Common Stock	(272,000)	(316,300)	(235,200)
Cash Dividends on Preferred Stock	(1,960)	(1,960)	(1,960)
Increase/(Decrease) in Short-Term Debt	56,500	(28,400)	(117,500)
Capital Contributions from Eversource Parent	2,300	103,000	—
Issuance of Long-Term Debt	700,000	300,000	250,000
Retirements of Long-Term Debt	(400,000)	(200,000)	(54,700)
Other Financing Activities	(1,796)	(866)	(2,850)
Net Cash Flows Provided by/(Used in) Financing Activities	83,044	(144,526)	(162,210)
Net Decrease in Cash and Cash Equivalents	(1,731)	(686)	(8,593)
Cash and Cash Equivalents - Beginning of Year	3,494	4,180	12,773
Cash and Cash Equivalents - End of Year	\$ 1,763	\$ 3,494	\$ 4,180

The accompanying notes are an integral part of these consolidated financial statements.

Company Report on Internal Controls Over Financial Reporting

Public Service Company of New Hampshire

Management is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements of Public Service Company of New Hampshire and subsidiary (PSNH or the Company) and of other sections of this annual report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment.

Under the supervision and with the participation of the principal executive officer and principal financial officer, PSNH conducted an evaluation of the effectiveness of internal controls over financial reporting based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting were effective as of December 31, 2017.

February 23, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of Public Service Company of New Hampshire:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Public Service Company of New Hampshire and subsidiary (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, common stockholder's equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15 of Part IV (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 23, 2018

We have served as the Company's auditor since 2002.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31,	
	2017	2016
ASSETS		
Current Assets:		
Cash	\$ 900	\$ 4,646
Receivables, Net	92,774	84,450
Accounts Receivable from Affiliated Companies	5,297	4,185
Unbilled Revenues	49,448	41,004
Fuel, Materials, Supplies and Inventory	40,285	162,354
Regulatory Assets	130,134	117,240
Prepayments and Other Current Assets	28,931	28,908
Assets Held for Sale	219,550	—
Total Current Assets	567,319	442,787
Property, Plant and Equipment, Net	2,642,274	3,039,313
Deferred Debits and Other Assets:		
Regulatory Assets	810,677	245,525
Other Long-Term Assets	42,391	37,720
Total Deferred Debits and Other Assets	853,068	283,245
Total Assets	\$ 4,062,661	\$ 3,765,345
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 262,900	\$ 160,900
Long-Term Debt – Current Portion	110,000	70,000
Accounts Payable	128,685	85,716
Accounts Payable to Affiliated Companies	24,676	29,154
Dividends Payable to Eversource Parent	150,000	—
Regulatory Liabilities	6,251	12,659
Other Current Liabilities	67,924	43,253
Total Current Liabilities	750,436	401,682
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	443,468	785,385
Regulatory Liabilities	444,397	44,779
Accrued Pension, SERP and PBOP	124,639	94,652
Other Long-Term Liabilities	56,689	49,442
Total Deferred Credits and Other Liabilities	1,069,193	974,258
Capitalization:		
Long-Term Debt	892,438	1,002,048
Common Stockholder's Equity:		
Common Stock	—	—
Capital Surplus, Paid In	843,134	843,134
Retained Earnings	511,382	549,286
Accumulated Other Comprehensive Loss	(3,922)	(5,063)
Common Stockholder's Equity	1,350,594	1,387,357
Total Capitalization	2,243,032	2,389,405
Commitments and Contingencies (Note 11)		
Total Liabilities and Capitalization	\$ 4,062,661	\$ 3,765,345

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Operating Revenues	\$ 981,624	\$ 959,482	\$ 972,203
Operating Expenses:			
Purchased Power, Fuel and Transmission	237,478	210,786	247,721
Operations and Maintenance	257,185	260,779	276,554
Depreciation	128,192	116,519	105,372
Amortization of Regulatory (Liabilities)/Assets, Net	(16,577)	11,170	16,276
Energy Efficiency Programs	13,788	14,204	14,324
Taxes Other Than Income Taxes	89,760	82,964	81,779
Total Operating Expenses	709,826	696,422	742,026
Operating Income	271,798	263,060	230,177
Interest Expense	51,007	50,040	45,990
Other Income, Net	3,880	1,329	3,315
Income Before Income Tax Expense	224,671	214,349	187,502
Income Tax Expense	88,675	82,364	73,060
Net Income	\$ 135,996	\$ 131,985	\$ 114,442

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Net Income	\$ 135,996	\$ 131,985	\$ 114,442
Other Comprehensive Income, Net of Tax:			
Qualified Cash Flow Hedging Instruments	1,162	1,162	1,162
Changes in Unrealized (Losses)/Gains on Marketable Securities	(21)	136	(154)
Other Comprehensive Income, Net of Tax	1,141	1,298	1,008
Comprehensive Income	\$ 137,137	\$ 133,283	\$ 115,450

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

(Thousands of Dollars, Except Stock Information)	Common Stock		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stockholder's Equity
	Stock	Amount				
Balance as of January 1, 2015	301	\$ —	\$ 748,240	\$ 486,459	\$ (7,369)	\$ 1,227,330
Net Income				114,442		114,442
Dividends on Common Stock				(106,000)		(106,000)
Allocation of Benefits - ESOP			394			394
Other Comprehensive Income					1,008	1,008
Balance as of December 31, 2015	301	—	748,634	494,901	(6,361)	1,237,174
Net Income				131,985		131,985
Dividends on Common Stock				(77,600)		(77,600)
Capital Contributions from Eversource Parent			94,500			94,500
Other Comprehensive Income					1,298	1,298
Balance as of December 31, 2016	301	—	843,134	549,286	(5,063)	1,387,357
Net Income				135,996		135,996
Dividends on Common Stock				(173,900)		(173,900)
Other Comprehensive Income					1,141	1,141
Balance as of December 31, 2017	301	\$ —	\$ 843,134	\$ 511,382	\$ (3,922)	\$ 1,350,594

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Operating Activities:			
Net Income	\$ 135,996	\$ 131,985	\$ 114,442
Adjustments to Reconcile Net Income to Net Cash Flows			
Provided by Operating Activities:			
Depreciation	128,192	116,519	105,372
Deferred Income Taxes	63,883	87,345	83,776
Pension, SERP and PBOP Expense	1,368	875	4,580
Pension Contributions	(800)	(17,078)	(982)
Regulatory (Under)/Over Recoveries, Net	(30,788)	(4,491)	41
Amortization of Regulatory (Liabilities)/Assets, Net	(16,577)	11,170	16,276
Refunds Related to Spent Nuclear Fuel	—	3,926	979
Other	(10,088)	6,521	8,677
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(22,055)	(18,822)	(4,750)
Fuel, Materials, Supplies and Inventory	5,519	(5,485)	(8,729)
Taxes Receivable/Accrued, Net	339	32,303	(23,909)
Accounts Payable	29,453	11,353	(22,203)
Other Current Assets and Liabilities, Net	16,458	5,651	953
Net Cash Flows Provided by Operating Activities	300,900	361,772	274,523
Investing Activities:			
Investments in Property, Plant and Equipment	(312,720)	(305,430)	(308,036)
Other Investing Activities	199	326	306
Net Cash Flows Used in Investing Activities	(312,521)	(305,104)	(307,730)
Financing Activities:			
Cash Dividends on Common Stock	(23,900)	(77,600)	(106,000)
Increase/(Decrease) in Notes Payable to Eversource Parent	102,000	(70,400)	140,800
Retirements of Long-Term Debt	(70,000)	—	—
Capital Contributions from Eversource Parent	—	94,500	—
Other Financing Activities	(225)	(255)	(349)
Net Cash Flows Provided by/(Used in) Financing Activities	7,875	(53,755)	34,451
Net (Decrease)/Increase in Cash	(3,746)	2,913	1,244
Cash - Beginning of Year	4,646	1,733	489
Cash - End of Year	\$ 900	\$ 4,646	\$ 1,733

The accompanying notes are an integral part of these consolidated financial statements.

**EVERSOURCE ENERGY AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY**

COMBINED NOTES TO FINANCIAL STATEMENTS

Refer to the Glossary of Terms included in this combined Annual Report on Form 10-K for abbreviations and acronyms used throughout the combined notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. About Eversource, CL&P, NSTAR Electric and PSNH

Eversource Energy is a public utility holding company primarily engaged, through its wholly-owned regulated utility subsidiaries, in the energy delivery business. Eversource Energy's wholly-owned regulated utility subsidiaries consist of CL&P, NSTAR Electric and PSNH (electric utilities), Yankee Gas and NSTAR Gas (natural gas utilities) and Aquarion (water utilities). Eversource provides energy delivery and/or water service to approximately 4 million electric, natural gas and water customers through eight regulated utilities in Connecticut, Massachusetts and New Hampshire.

On December 4, 2017, Eversource completed the acquisition of Aquarion (formerly Macquarie Utilities Inc.) from Macquarie Infrastructure Partners for \$1.675 billion, consisting of approximately \$880 million in cash and \$795 million of assumed Aquarion debt. Aquarion became an indirect wholly-owned subsidiary of Eversource. Aquarion is a holding company primarily engaged, through its three separate regulated water utility subsidiaries, in the water collection, treatment and distribution business. Eversource's consolidated financial information includes Aquarion and its subsidiaries' activity from December 4, 2017 through December 31, 2017. See Note 22A, "Acquisition of Aquarion and Goodwill - Acquisition of Aquarion," for further information.

On December 31, 2017, Western Massachusetts Electric Company ("WMECO") was merged into NSTAR Electric. In accordance with accounting guidance on combinations between entities under common control, the net assets, results of operations and cash flows of WMECO are reflected in the NSTAR Electric financial statements. NSTAR Electric's financial statements for all periods presented in this combined Annual Report on Form 10-K have been retrospectively recast as if the merger occurred on the first day of the earliest reporting period. All contracts and operations of WMECO are now part of NSTAR Electric. Balance sheet and income statement adjustments were made for consistent presentation between WMECO's and NSTAR Electric's financial statements, including the elimination of intercompany transactions and a merger-related transaction for common equity. Balance sheet adjustments included the elimination of intercompany accounts receivable and payable between NSTAR Electric and WMECO. Income statement adjustments included the elimination of intercompany revenues and expenses between NSTAR Electric and WMECO.

Eversource, CL&P, NSTAR Electric and PSNH are reporting companies under the Securities Exchange Act of 1934. Eversource Energy is a public utility holding company under the Public Utility Holding Company Act of 2005. Arrangements among the regulated electric companies and other Eversource companies, outside agencies and other utilities covering interconnections, interchange of electric power and sales of utility property are subject to regulation by the FERC. Eversource's regulated companies are subject to regulation of rates, accounting and other matters by the FERC and/or applicable state regulatory commissions (the PURA for CL&P and Yankee Gas, the DPU for NSTAR Electric and NSTAR Gas, the NHPUC for PSNH, and the PURA, the DPU and the NHPUC for Aquarion).

CL&P, NSTAR Electric and PSNH furnish franchised retail electric service in Connecticut, Massachusetts and New Hampshire. Yankee Gas and NSTAR Gas are engaged in the distribution and sale of natural gas to customers within Connecticut and Massachusetts, respectively. Aquarion is engaged in the collection, treatment and distribution of water in Connecticut, Massachusetts and New Hampshire. CL&P, NSTAR Electric and PSNH's results include the operations of their respective distribution and transmission businesses. The distribution business also included the results of PSNH's generation facilities and NSTAR Electric's solar power facilities. Eversource also has a regulated subsidiary, NPT, which was formed to construct, own and operate the Northern Pass line, a HVDC transmission line from Québec to New Hampshire under development that will interconnect with a new HVDC transmission line being developed by a transmission subsidiary of HQ.

On January 10, 2018, Eversource and PSNH completed the sale of PSNH's thermal generation assets. See Note 12, "Assets Held for Sale," for further information.

Eversource Service, Eversource's service company, and several wholly-owned real estate subsidiaries of Eversource, provide support services to Eversource, including its regulated companies. Eversource holds several equity ownership interests, which are accounted for under the equity method. Eversource also consolidates the operations of CYAPC and YAEC, both of which are inactive regional nuclear generation companies engaged in the long-term storage of their spent nuclear fuel.

B. Basis of Presentation

The consolidated financial statements of Eversource, NSTAR Electric and PSNH include the accounts of each of their respective subsidiaries. Intercompany transactions have been eliminated in consolidation. The accompanying consolidated financial statements of Eversource, NSTAR Electric and PSNH and the financial statements of CL&P are herein collectively referred to as the "financial statements."

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of 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.

Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's and PSNH's combined ownership interest in each of these entities is greater than 50 percent. Intercompany transactions between CL&P, NSTAR Electric and PSNH and the CYAPC and YAEC companies have been eliminated in consolidation of the Eversource financial statements.

Eversource's utility subsidiaries' electric and natural gas distribution (including generation assets), transmission and water businesses are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for entities with rate-regulated operations, which considers the effect of regulation on the differences in the timing of the recognition of certain revenues and expenses from those of other businesses and industries. See Note 2, "Regulatory Accounting," for further information.

Certain reclassifications of prior year data were made in the accompanying financial statements to conform to the current year presentation.

In accordance with accounting guidance on noncontrolling interests in consolidated financial statements, the Preferred Stock of CL&P and the Preferred Stock of NSTAR Electric, which are not owned by Eversource or its consolidated subsidiaries and are not subject to mandatory redemption, have been presented as noncontrolling interests in the financial statements of Eversource. The Preferred Stock of CL&P and the Preferred Stock of NSTAR Electric are considered to be temporary equity and have been classified between liabilities and permanent shareholders' equity on the balance sheets of Eversource, CL&P and NSTAR Electric due to a provision in the preferred stock agreements of both CL&P and NSTAR Electric that grant preferred stockholders the right to elect a majority of the CL&P and NSTAR Electric Boards of Directors, respectively, should certain conditions exist, such as if preferred dividends are in arrears for a specified amount of time. The Net Income reported in the statements of income and cash flows represents net income prior to apportionment to noncontrolling interests, which is represented by dividends on preferred stock of CL&P and NSTAR Electric.

As of December 31, 2017 and 2016, Eversource's carrying amount of goodwill was approximately \$4.4 billion and \$3.5 billion, respectively. Eversource performs an assessment for possible impairment of its goodwill at least annually. Eversource completed its annual goodwill impairment test for each of its reporting units as of October 1, 2017 and determined that no impairment exists. See Note 22B, "Acquisition of Aquarion and Goodwill - Goodwill," for further information.

C. Northern Pass

Northern Pass is Eversource's planned 1,090 MW HVDC transmission line that will interconnect from the Québec-New Hampshire border to Franklin, New Hampshire and an associated alternating current radial transmission line between Franklin and Deerfield, New Hampshire.

On February 1, 2018, the New Hampshire Site Evaluation Committee ("NHSEC") voted to deny Northern Pass' siting application. On February 14, 2018, pursuant to the NHSEC's decision, the Massachusetts EDCs, in coordination with the DOER and an independent evaluator, notified NPT that the EDCs will continue contract negotiations, with the option of discontinuing discussions and terminating its conditional selection by March 27, 2018.

Consistent with Eversource's and HQ's long-term relationship to bring clean energy into New England, Eversource and HQ continue to support Northern Pass and the many benefits this project will bring to our customers and region. Eversource intends to seek reconsideration of the NHSEC's decision and to review all options for moving this critical clean energy project forward.

As of December 31, 2017, Eversource has approximately \$277 million in capitalized costs associated with Northern Pass. The Company continues to believe that the Northern Pass project is probable of being placed in service. If in the future, events and changes in circumstances indicate that the Northern Pass project's capitalized costs may not be fully recoverable, the Company will then evaluate those costs for impairment. Should the Company conclude that these capitalized costs are impaired, this would have a significant negative impact on Eversource's financial position, results of operations, and cash flows.

D. Accounting Standards

Accounting Standards Issued but Not Yet Effective: In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which amends existing revenue recognition guidance and is required to be applied either fully retrospectively (to each reporting period presented) or under a modified retrospective method (cumulatively at the date of initial application). The FASB deferred implementation of ASU 2014-09 in ASU 2015-14, *Revenue from Contracts with Customers (Topic: 606): Deferral of the Effective Date*. The new accounting guidance is effective for interim and annual periods beginning in 2018 with early adoption permitted. The Company implemented the standard in the first quarter of 2018 using the modified retrospective method of adoption. Under this method of adoption, prior year reported results are not restated.

Under the new standard, an entity must identify the performance obligations in a contract, determine the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this ASU also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts.

The Company has reviewed and performed accounting analyses of its revenue streams under contracts with customers. These accounting analyses included reviewing representative contracts and tariffs for each material revenue stream and evaluating them under the new guidance. The majority of the Company's sales are derived from tariffs to provide electric and natural gas to customers. For such tariffs, the Company expects that the revenue from contracts with customers under ASU 2014-09 will be equivalent to revenue from electricity and natural gas supplied and billed in that period (including estimated unbilled revenues), which is consistent with current practice.

Based on our assessments, the Company has identified one item that will be accounted for differently under the new revenue guidance as compared to current guidance. As a result of applying guidance on the unit of account under the new standard, purchases and sales of power from and to ISO-New England will be accounted for net by the hour, rather than net by the month, with no impact on net income.

After taking into consideration this identified change, the Company has concluded that the new guidance will not have a material impact on the amounts or timing of revenue recognition. Implementation of the ASU will not have a material effect on the results of operations, financial position or cash flows of Eversource, CL&P, NSTAR Electric or PSNH. Significant additional disclosures of the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers will be presented beginning in the first quarter of 2018.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Liabilities*, which is required to be implemented in the first quarter of 2018. The ASU will remove the available-for-sale designation for equity securities, whereby changes in fair value are recorded in accumulated other comprehensive income within shareholders' equity, and will require changes in fair value of all equity securities to be recorded in earnings beginning on January 1, 2018, with the unrealized gain or loss on available-for-sale equity securities as of that date reclassified to retained earnings as a cumulative effect of adoption. The fair value of available-for-sale equity securities subject to this guidance as of December 31, 2017 was approximately \$51 million with an unrealized loss of \$0.1 million. The unrealized loss recorded in AOCI will be recorded as an adjustment to the opening balance of retained earnings as of January 1, 2018. The remaining available-for-sale equity securities included in marketable securities on the balance sheet are held in nuclear decommissioning trusts and are subject to regulatory accounting treatment and will not be impacted by this guidance. Implementation of the ASU for other financial instruments is not expected to have a material impact on the financial statements of Eversource, CL&P, NSTAR Electric or PSNH.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which changes existing lease accounting guidance and is required to be applied in the first quarter of 2019, with earlier application permitted. The ASU lease criteria are required to be applied to leases and lease renewals entered into effective January 1, 2019, and leases entered into before that date are required to be recognized and measured using a modified retrospective approach. The Company is reviewing the requirements of ASU 2016-02, including balance sheet recognition of leases previously deemed to be operating leases, and expects to implement the ASU in the first quarter of 2019.

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, required to be implemented in the first quarter of 2018. The ASU requires separate presentation of service cost from other components of net pension and PBOP costs, with the other components presented as non-operating income and not subject to capitalization. The ASU is required to be applied retrospectively for the separate presentation in the income statement of service costs and other components and prospectively in the balance sheet for the capitalization of only the service cost component. The implementation of the ASU will not have an impact on the net income of Eversource, CL&P, NSTAR Electric or PSNH.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term cash investments that are highly liquid in nature and have original maturities of three months or less. At the end of each reporting period, any overdraft amounts are reclassified from Cash and Cash Equivalents to Accounts Payable on the balance sheets.

F. Provision for Uncollectible Accounts

Eversource, including CL&P, NSTAR Electric and PSNH, presents its receivables at estimated net realizable value by maintaining a provision for uncollectible accounts. This provision is determined based upon a variety of judgments and factors, including the application of an estimated uncollectible percentage to each receivable aging category. The estimate is based upon historical collection and write-off experience and management's assessment of collectability from customers. Management continuously assesses the collectability of receivables and adjusts collectability estimates based on actual experience. Receivable balances are written off against the provision for uncollectible accounts when the customer accounts are terminated and these balances are deemed to be uncollectible.

The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows NSTAR Electric and NSTAR Gas to recover in rates, amounts associated with certain uncollectible hardship accounts receivable. These uncollectible hardship customer account balances are included in Regulatory Assets or Other Long-Term Assets on the balance sheets.

The total provision for both uncollectible accounts and for uncollectible hardship accounts (the uncollectible hardship balance is included in the total provision) is included in Receivables, Net on the balance sheets, and was as follows:

(Millions of Dollars)	Total Provision for Uncollectible Accounts		Uncollectible Hardship	
	As of December 31,		As of December 31,	
	2017	2016	2017	2016
Eversource	\$ 195.7	\$ 200.6	\$ 122.5	\$ 119.9
CL&P	78.9	86.4	65.5	67.7
NSTAR Electric	69.7	70.3	40.3	36.1
PSNH	10.5	9.9	—	—

G. Fuel, Materials, Supplies and Inventory

Fuel, Materials, Supplies and Inventory include natural gas, coal, biomass and oil inventories, materials and supplies purchased primarily for construction or operation and maintenance purposes, RECs and emission allowances. Inventory is valued at the lower of cost or net realizable value. RECs are purchased from suppliers of renewable sources of generation and are used to meet state mandated Renewable Portfolio Standards requirements.

PSNH is subject to federal and state laws and regulations that regulate emissions of air pollutants, including SO₂, CO₂, and NO_x related to its regulated generation units, and used SO₂, CO₂, and NO_x emissions allowances. SO₂, CO₂, and NO_x emissions allowances were charged to expense based on their average cost as they were utilized against emissions volumes at PSNH's generating units.

On October 11, 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets. The NHPUC approved the Agreements in late November 2017 and on January 10, 2018, PSNH completed the sale of its thermal generation assets. As of December 31, 2017, PSNH has classified its generation assets, which included coal, biomass and oil inventories and emission allowances, as held for sale. As of December 31, 2016, these inventories were recorded within Fuel, Materials, Supplies and Inventory on the balance sheet. See Note 12, "Assets Held for Sale," for further information.

The carrying amounts of fuel, materials and supplies, RECs, and emission allowances were as follows:

(Millions of Dollars)	As of December 31,							
	2017				2016			
	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
<u>Current:</u>								
Fuel	\$ 29.7	\$ —	\$ —	\$ —	\$ 135.7	\$ —	\$ —	\$ 99.9
Materials and Supplies	117.1	44.4	45.1	18.5	142.7	48.2	39.7	47.3
RECs	76.3	4.0	50.4	21.8	47.9	3.9	31.2	12.8
Emission Allowances	—	—	—	—	2.4	—	—	2.4
<u>Long-Term:</u>								
Emission Allowances	—	—	—	—	17.5	—	—	17.5

H. Deposits

As of December 31, 2017, Eversource, CL&P, NSTAR Electric and PSNH had \$24.5 million, \$3.1 million, \$12.8 million and \$0.5 million, respectively, of cash collateral posted not subject to master netting agreements, with ISO-NE related to energy transactions, which was included in Prepayments and Other Current Assets on the balance sheets. As of December 31, 2016, these amounts were \$21.7 million, \$1.4 million, \$11.8 million and \$0.5 million for Eversource, CL&P, NSTAR Electric and PSNH, respectively.

I. Fair Value Measurements

Fair value measurement guidance is applied to derivative contracts that are not elected or designated as "normal purchases" or "normal sales" ("normal") and to the marketable securities held in trusts. Fair value measurement guidance is also applied to valuations of the investments used to calculate the funded status of pension and PBOP plans, the nonrecurring fair value measurements of nonfinancial assets such as goodwill and AROs, and the estimated fair value of preferred stock and long-term debt.

Fair Value Hierarchy: In measuring fair value, Eversource uses observable market data when available in order to minimize the use of unobservable inputs. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. Eversource evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and Eversource's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy-related products.

Determination of Fair Value: The valuation techniques and inputs used in Eversource's fair value measurements are described in Note 4, "Derivative Instruments," Note 5, "Marketable Securities," Note 6, "Asset Retirement Obligations," Note 9A, "Employee Benefits – Pension Benefits and Postretirement Benefits Other Than Pensions," and Note 14, "Fair Value of Financial Instruments" to the financial statements.

J. Derivative Accounting

Many of the electric and natural gas companies' contracts for the purchase and sale of energy or energy-related products are derivatives. The accounting treatment for energy contracts entered into varies and depends on the intended use of the particular contract and on whether or not the contract is a derivative. For the regulated companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivative contracts related to energy and energy-related products, as contract settlements are recovered from, or refunded to, customers in future rates.

The application of derivative accounting is complex and requires management judgment in the following respects: identification of derivatives and embedded derivatives, election and designation of a contract as normal, and determination of the fair value of derivative contracts. All of these judgments can have a significant impact on the financial statements.

The judgment applied in the election of a contract as normal (and resulting accrual accounting) includes the conclusion that it is probable at the inception of the contract and throughout its term that it will result in physical delivery of the underlying product and that the quantities will be used or sold by the business in the normal course of business. If facts and circumstances change and management can no longer support this conclusion, then a contract cannot be considered normal and accrual accounting is terminated, and fair value accounting is applied prospectively.

The fair value of derivative contracts is based upon the contract terms and conditions and the underlying market price or fair value per unit. When quantities are not specified in the contract, the Company determines whether the contract has a determinable quantity by using amounts referenced in default provisions and other relevant sections of the contract. The fair value of derivative assets and liabilities with the same counterparty are offset and recorded as a net derivative asset or liability on the balance sheets.

All changes in the fair value of derivative contracts are recorded as regulatory assets or liabilities and do not impact net income.

For further information regarding derivative contracts, see Note 4, "Derivative Instruments," to the financial statements.

K. Investments

Investments are included in Other Long-Term Assets on the balance sheets and earnings impacts from equity investments are included in Other Income, Net on the statements of income.

Strategic, Infrastructure and Other Investments: As of December 31, 2017 and 2016, Eversource had investments totaling \$277.6 million and \$236.9 million, respectively. As of December 31, 2017 and 2016, Eversource's investments included a 15 percent ownership interest in a FERC-regulated natural gas transmission business of \$159.6 million and \$154.6 million, respectively, a 40 percent ownership interest in Access Northeast of \$31.3 million and \$30.9 million, respectively, a 37.2 percent (14.5 percent of which related to NSTAR Electric) ownership interest in two companies that transmit hydro-electricity imported from the Hydro-Quebec system in Canada of \$17.7 million and \$7.7 million, respectively, and other investments totaling \$69.0 million and \$43.7 million, respectively. NSTAR Electric's investments totaled \$6.9 million and \$3.0 million, respectively, as of December 31, 2017 and 2016.

Regional Decommissioned Nuclear Companies: CL&P, NSTAR Electric and PSNH own common stock in three regional nuclear generation companies (CYAPC, YAEC and MYAPC, collectively referred to as the "Yankee Companies"), each of which owned a single nuclear generating facility that has been decommissioned. For CL&P, NSTAR Electric and PSNH, the respective investments in CYAPC, YAEC and MYAPC are accounted for under the equity method and are included in Other Long-Term Assets on their respective balance sheets. Eversource consolidates CYAPC and YAEC because CL&P's, NSTAR Electric's and PSNH's combined ownership interest in each of these entities is greater than 50 percent. For further information on the Yankee Companies, see Note 11C, "Commitments and Contingencies – Spent Nuclear Fuel Obligations – Yankee Companies," to the financial statements.

Equity in Earnings and Dividends from Equity Investments: For the years ended December 31, 2017, 2016 and 2015, Eversource had equity in earnings of \$27.4 million, \$0.2 million, and \$0.9 million, respectively. Eversource received dividends from its equity method investees of \$20.0 million and \$0.1 million, respectively, for the years ended December 31, 2017 and 2016.

L. Revenues

Retail Revenues: Retail revenues are based on rates approved by respective state regulatory commissions. In general, rates can only be changed through formal proceedings with the state regulatory commissions. These rates are designed to recover the costs to provide service to customers, and include a return on investment. Regulatory commission-approved tracking mechanisms are also used to recover certain costs on a fully-reconciling basis. These tracking mechanisms require rates to be changed periodically to ensure recovery of actual costs incurred.

Certain Eversource electric, natural gas and water companies, including CL&P and NSTAR Electric (for a portion of its customers), have a regulatory commission approved revenue decoupling mechanism ("decoupled companies"). Distribution revenues are decoupled from customer sales volumes, where applicable, which breaks the relationship between sales volumes and revenues recognized. The decoupled companies reconcile their annual base distribution rate recovery to pre-established levels of baseline distribution delivery service revenues. Any difference between the allowed level of distribution revenue and the actual amount realized is adjusted through rates in a subsequent period.

A significant portion of the electric and natural gas companies' retail revenues relate to the recovery of costs incurred for the sale of electricity and natural gas purchased on behalf of customers. These energy supply costs are recovered from customers in rates through cost tracking mechanisms. Energy purchases are recorded in Purchased Power, Fuel and Transmission, and the sales of energy associated with these purchases are recorded in Operating Revenues on the statements of income.

Unbilled Revenues: Because customers are billed throughout the month based on pre-determined cycles rather than on a calendar month basis, an estimate of electricity, natural gas or water delivered to customers for which the customers have not yet been billed is calculated as of the balance sheet date. Unbilled revenues are included in Operating Revenues on the statements of income and in Current Assets on the balance sheets. Actual amounts billed to customers when meter readings become available may vary from the estimated amount.

Unbilled revenues are recognized by allocating estimated unbilled sales volumes to the respective customer classes, and then applying an estimated rate by customer class to those sales volumes. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer rates in effect for customer classes, and the timing of customer billing. The estimate of unbilled revenues can significantly impact the amount of revenues recorded at the companies that do not have a revenue decoupling mechanism. Companies that do have a decoupling mechanism record a regulatory deferral to reflect the actual allowed amount of revenue associated with their respective decoupled distribution rate design.

Transmission Revenues - Wholesale Rates: The Eversource electric transmission-owning companies have a combination of FERC-approved regional and local formula rates that work in tandem to recover all their transmission costs. These rates are part of the ISO-NE Tariff. Regional rates recover the costs of higher voltage transmission facilities that benefit the region, and are collected from all New England transmission customers, including the Eversource distribution businesses. Eversource and NSTAR Electric each have two sets of local rates that recover the companies' total transmission revenue requirements, less revenues received from regional rates and other sources, and are collected from Eversource's distribution businesses and other transmission customers. The distribution businesses of Eversource, in turn, recover the FERC-approved charges from retail customers through annual or semiannual tracking mechanisms. The transmission formula rates provide for the annual reconciliation and recovery or refund of estimated costs to actual costs. The financial impacts of differences between actual and estimated costs are deferred for future recovery from, or refund to, transmission customers. See Note 11E, "Commitments and Contingencies – FERC ROE Complaints," for complaints filed at the FERC relating to Eversource's ROE.

Transmission Revenues - Retail Rates: A significant portion of the Eversource electric transmission segment revenue comes from ISO-NE charges to the distribution businesses of CL&P, NSTAR Electric, and PSNH, each of which recovers these costs through rates charged to their retail customers. CL&P, NSTAR Electric and PSNH each have a retail transmission cost tracking mechanism as part of their rates, which allows the electric distribution companies to charge their retail customers for transmission costs on a timely basis.

M. Operating Expenses

Costs related to fuel and natural gas included in Purchased Power, Fuel and Transmission on the statements of income were as follows:

(Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Eversource - Natural Gas and Fuel	\$ 432.5	\$ 372.2	\$ 516.7
PSNH - Fuel	43.4	45.0	85.4

N. Allowance for Funds Used During Construction

AFUDC represents the cost of borrowed and equity funds used to finance construction and is included in the cost of the electric, natural gas and water companies' utility plant on the balance sheet. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of Interest Expense, and the AFUDC related to equity funds is recorded as Other Income, Net on the statements of income. AFUDC costs are recovered from customers over the service life of the related plant in the form of increased revenue collected as a result of higher depreciation expense.

The average AFUDC rate is based on a FERC-prescribed formula using the cost of a company's short-term financings and capitalization (preferred stock, long-term debt and common equity), as appropriate. The average rate is applied to average eligible CWIP amounts to calculate AFUDC.

AFUDC costs and the weighted-average AFUDC rates were as follows:

Eversource (Millions of Dollars, except percentages)	For the Years Ended December 31,								
	2017			2016			2015		
Borrowed Funds	\$	12.5		\$	10.8		\$	7.2	
Equity Funds		34.4			26.2			18.8	
Total AFUDC	\$	46.9		\$	37.0		\$	26.0	
Average AFUDC Rate		5.1%			4.4%			3.9%	

Eversource (Millions of Dollars, except percentages)	For the Years Ended December 31,								
	2017			2016			2015		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Borrowed Funds	\$ 5.1	\$ 4.8	\$ 0.7	\$ 3.3	\$ 5.3	\$ 0.8	\$ 2.6	\$ 3.0	\$ 1.0
Equity Funds	12.1	10.2	—	6.3	10.2	0.3	5.2	6.0	1.2
Total AFUDC	\$ 17.2	\$ 15.0	\$ 0.7	\$ 9.6	\$ 15.5	\$ 1.1	\$ 7.8	\$ 9.0	\$ 2.2
Average AFUDC Rate	6.2%	5.0%	0.7%	4.7%	3.2%	1.0%	5.5%	3.5%	1.8%

O. Other Income, Net

Items included within Other Income, Net on the statements of income primarily consist of investment income/(loss) related to debt and equity securities held in trust, market value changes related to deferred compensation plans, interest income, AFUDC related to equity funds, and income/(loss) related to equity method investees. For further information on gains/(losses) related to debt and equity securities, see Note 5, "Marketable Securities," to the financial statements. For further information on AFUDC related to equity funds, see Note 1N, "Summary of Significant Accounting Policies – Allowance for Funds Used During Construction," to the financial statements. For further information on equity in earnings, see Note 1K, "Summary of Significant Accounting Policies – Investments," to the financial statements.

P. Other Taxes

Eversource's companies that serve customers in Connecticut collect gross receipts taxes levied by the state of Connecticut from their customers. These gross receipts taxes are shown separately with collections in Operating Revenues and with payments in Taxes Other Than Income Taxes on the statements of income as follows:

Eversource (Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Eversource	\$ 157.4	\$ 162.7	\$ 147.2
CL&P	137.5	145.2	128.5

As agents for state and local governments, Eversource's companies that serve customers in Connecticut and Massachusetts collect certain sales taxes that are recorded on a net basis with no impact on the statements of income.

Separately from the amounts above are \$25.4 million of expense recorded as Taxes Other than Income Taxes in 2017 related to the future remittance of energy efficiency funds collected from customers in Operating Revenues to the State of Connecticut. These amounts are shown separately with collections in Operating Revenues and expenses in Taxes Other than Income Taxes on the Eversource and CL&P statements of income.

Q. Supplemental Cash Flow Information

Eversource (Millions of Dollars)	As of and For the Years Ended December 31,								
	2017			2016			2015		
Cash Paid/(Received) During the Year for:									
Interest, Net of Amounts Capitalized	\$	419.1	\$	398.1	\$	365.9			
Income Taxes		30.8		(135.5)		10.3			
Non-Cash Investing Activities:									
Plant Additions Included in Accounts Payable (As of)		379.5		301.5		216.6			

(Millions of Dollars)	As of and For the Years Ended December 31,								
	2017			2016			2015		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Cash Paid/(Received) During the Year for:									
Interest, Net of Amounts Capitalized	\$ 144.6	\$ 124.6	\$ 45.9	\$ 143.3	\$ 112.9	\$ 46.5	\$ 144.4	\$ 102.4	\$ 42.3
Income Taxes	68.8	95.5	26.1	(73.9)	66.0	(36.0)	55.2	(5.1)	14.4
Non-Cash Investing Activities:									
Plant Additions Included in Accounts Payable (As of)	132.5	116.5	44.4	116.2	87.0	37.9	76.0	50.5	46.5

In 2016, as a result of damages awarded to the Yankee Companies for spent nuclear fuel lawsuits against the DOE described in Note 11C, "Commitments and Contingencies – Spent Nuclear Fuel Obligations – Yankee Companies," CYAPC and YAEC received total proceeds of \$52.2 million, which were classified as operating activities on the Eversource consolidated statements of cash flows. CYAPC returned \$6.8 million of these proceeds to its non-affiliated member companies. In addition, CL&P, NSTAR Electric and PSNH received a total distribution of \$14.4 million from MYAPC as a result of DOE Phase III proceeds and a distribution from its spent nuclear fuel trust.

The 2015 cash paid for interest excludes interest payments made by CL&P and NSTAR Electric in connection with the full satisfaction of their respective obligations to the DOE for the disposal of spent nuclear fuel and high-level radioactive waste for all periods prior to 1983 from their previous ownership interest in the Millstone nuclear power stations. CL&P and NSTAR Electric divested their ownership interest in Millstone in 2001. In late 2015, CL&P and NSTAR Electric made payments of \$244.6 million and \$57.4 million, respectively, to satisfy their pre-1983 spent nuclear fuel obligations to the DOE in full, which included accumulated interest of \$178 million and \$41.8 million, respectively.

R. Related Parties

Eversource Service, Eversource's service company, provides centralized accounting, administrative, engineering, financial, information technology, legal, operational, planning, purchasing, and other services to Eversource's companies. The Rocky River Realty Company, Renewable Properties, Inc. and Properties, Inc., three other Eversource subsidiaries, construct, acquire or lease some of the property and facilities used by Eversource's companies.

As of both December 31, 2017 and 2016, CL&P, NSTAR Electric and PSNH had long-term receivables from Eversource Service in the amounts of \$25.0 million, \$3.8 million and \$5.5 million, respectively, which were included in Other Long-Term Assets on the balance sheets. These amounts related to the funding of investments held in trust by Eversource Service in connection with certain postretirement benefits for CL&P, NSTAR Electric and PSNH employees and have been eliminated in consolidation on the Eversource financial statements.

Included in the CL&P, NSTAR Electric and PSNH balance sheets as of December 31, 2017 and 2016 were Accounts Receivable from Affiliated Companies and Accounts Payable to Affiliated Companies relating to transactions between CL&P, NSTAR Electric and PSNH and other subsidiaries that are wholly-owned by Eversource. These amounts have been eliminated in consolidation on the Eversource financial statements.

2. REGULATORY ACCOUNTING

Eversource's utility companies are subject to rate regulation that is based on cost recovery and meets the criteria for application of accounting guidance for rate-regulated operations, which considers the effect of regulation on the timing of the recognition of certain revenues and expenses. The regulated companies' financial statements reflect the effects of the rate-making process. The rates charged to the customers of Eversource's regulated companies are designed to collect each company's costs to provide service, including a return on investment.

Management believes it is probable that each of the regulated companies will recover its respective investments in long-lived assets, including regulatory assets. If management were to determine that it could no longer apply the accounting guidance applicable to rate-regulated enterprises to any of the regulated companies' operations, or if management could not conclude it is probable that costs would be recovered from customers in future rates, the costs would be charged to net income in the period in which the determination is made.

Regulatory Assets: The components of regulatory assets were as follows:

Eversource (Millions of Dollars)	As of December 31,	
	2017	2016
Benefit Costs	\$ 2,068.8	\$ 1,817.8
Deferred Costs from Generation Asset Sale	516.1	—
Derivative Liabilities	367.2	423.3
Income Taxes, Net	768.9	644.5
Storm Restoration Costs	404.8	385.3
Goodwill-related	365.2	464.4
Regulatory Tracker Mechanisms	509.9	576.6
Asset Retirement Obligations	101.0	99.3
Other Regulatory Assets	137.4	115.1
Total Regulatory Assets	5,239.3	4,526.3
Less: Current Portion	741.9	887.6
Total Long-Term Regulatory Assets	\$ 4,497.4	\$ 3,638.7

As of December 31,

	2017			2016		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
(Millions of Dollars)						
Benefit Costs	\$ 469.2	\$ 560.7	\$ 212.3	\$ 429.3	\$ 525.3	\$ 184.2
Deferred Costs from Generation Asset Sale	—	—	516.1	—	—	—
Derivative Liabilities	362.3	—	—	420.5	2.8	—
Income Taxes, Net	453.8	113.2	21.7	437.0	120.5	24.2
Storm Restoration Costs	216.7	146.6	41.5	239.8	128.4	17.1
Goodwill-related	—	313.6	—	—	398.7	—
Regulatory Tracker Mechanisms	85.3	273.0	116.4	123.9	304.0	104.5
Asset Retirement Obligations	30.3	39.0	17.0	33.2	36.1	16.2
Other Regulatory Assets	27.6	78.4	15.8	43.4	22.7	16.5
Total Regulatory Assets	1,645.2	1,524.5	940.8	1,727.1	1,538.5	362.7
Less: Current Portion	200.3	333.9	130.1	335.5	353.5	117.2
Total Long-Term Regulatory Assets	\$ 1,444.9	\$ 1,190.6	\$ 810.7	\$ 1,391.6	\$ 1,185.0	\$ 245.5

Benefit Costs: Eversource's Pension, SERP and PBOP Plans are accounted for in accordance with accounting guidance on defined benefit pension and other PBOP plans. The liability (or asset) recorded by the regulated companies to recognize the funded status of their retiree benefit plans is offset by a regulatory asset (or offset by a regulatory liability in the case of a benefit plan asset) in lieu of a charge to Accumulated Other Comprehensive Income/(Loss), reflecting ultimate recovery from customers through rates. The regulatory asset (or regulatory liability) is amortized as the actuarial gains and losses and prior service cost are amortized to net periodic benefit cost for the pension and PBOP plans. All amounts are remeasured annually. Regulatory accounting is also applied to the portions of Eversource's service company costs that support the regulated companies, as these amounts are also recoverable. As these regulatory assets or regulatory liabilities do not represent a cash outlay for the regulated companies, no carrying charge is recovered from customers.

CL&P, NSTAR Electric and PSNH recover benefit costs related to their distribution and transmission operations from customers in rates as allowed by their applicable regulatory commissions. NSTAR Electric recovers qualified pension and PBOP expenses related to its distribution operations through a rate reconciling mechanism that fully tracks the change in net pension and PBOP expenses each year.

Deferred Costs from Generation Asset Sale: Represents PSNH's \$516.1 million of deferred costs associated with the sale of PSNH's generation assets that are expected to be recovered. These deferred costs were the difference between the carrying value and the fair value less costs to sell of the thermal generation assets that were classified as held for sale as of December 31, 2017. Full recovery of PSNH's generation assets (including these deferred costs and the results of the sale of the hydro generation assets) are expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs via the issuance of bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers. For further information, see Note 12, "Assets Held for Sale."

Derivative Liabilities: Regulatory assets are recorded as an offset to derivative liabilities and relate to the fair value of contracts used to purchase energy and energy-related products that will be recovered from customers in future rates. These assets are excluded from rate base and are being recovered as the actual settlements occur over the duration of the contracts. See Note 4, "Derivative Instruments," to the financial statements for further information on these contracts.

Income Taxes, Net: The tax effect of temporary book-tax differences (differences between the periods in which transactions affect income in the financial statements and the periods in which they affect the determination of taxable income, including those differences relating to uncertain tax positions) is accounted for in accordance with the rate-making treatment of the applicable regulatory commissions and accounting guidance for income taxes. Differences in income taxes between the accounting guidance and the rate-making treatment of the applicable regulatory commissions are recorded as regulatory assets. As these assets are offset by deferred income tax liabilities, no carrying charge is collected. The amortization period of these assets varies depending on the nature and/or remaining life of the underlying assets and liabilities. For further information regarding income taxes, see Note 10, "Income Taxes," to the financial statements.

Storm Restoration Costs: The storm restoration cost deferrals relate to costs incurred for major storm events at CL&P, NSTAR Electric and PSNH that each company expects to recover from customers. A storm must meet certain criteria to qualify as a major storm with the criteria specific to each state jurisdiction and utility company. Once a storm qualifies as a major storm, all qualifying expenses incurred during storm restoration efforts are deferred and recovered from customers. In addition to storm restoration costs, CL&P and PSNH are each allowed to recover pre-staging storm costs. Management believes the storm restoration costs were prudent and meet the criteria for specific cost recovery in Connecticut, Massachusetts and New Hampshire, and that recovery from customers is probable through the applicable regulatory recovery process. Each electric utility has sought, or is seeking, recovery of its deferred storm restoration costs through its applicable regulatory recovery process. Each electric utility company either recovers a carrying charge on its deferred storm restoration cost regulatory asset balance or the regulatory asset balance is included in rate base.

Goodwill-related: The goodwill regulatory asset originated from a 1999 transaction, and the DPU allowed its recovery in NSTAR Electric and NSTAR Gas rates. This regulatory asset is currently being amortized and recovered from customers in rates without a carrying charge over a 40-year period, and, as of December 31, 2017, there were 22 years of amortization remaining.

Regulatory Tracker Mechanisms: The regulated companies' approved rates are designed to recover costs incurred to provide service to customers. The regulated companies recover certain of their costs on a fully-reconciling basis through regulatory commission-approved tracking mechanisms. The differences between the costs incurred (or the rate recovery allowed) and the actual revenues are recorded as regulatory assets (for undercollections) or as regulatory liabilities (for overcollections) to be included in future customer rates each year. Carrying charges are recovered in rates on all material regulatory tracker mechanisms.

CL&P, NSTAR Electric and PSNH each recover, on a fully reconciling basis, the costs associated with the procurement of energy, transmission related costs from FERC-approved transmission tariffs, energy efficiency programs, low income assistance programs, certain uncollectible accounts receivable for hardship customers, and restructuring and stranded costs as a result of deregulation. Energy procurement costs at PSNH include the costs related to its generation facilities and at NSTAR Electric include the costs related to its solar power facilities.

CL&P, NSTAR Electric (for their western Massachusetts customer rates) and NSTAR Gas each have a regulatory commission approved revenue decoupling mechanism. Distribution revenues are decoupled from customer sales volumes, where applicable, which breaks the relationship between sales volumes and revenues recognized. In 2017 and 2016, NSTAR Electric operated under two different rate structures based on its service territory geography. For customers that were served in eastern Massachusetts, including metropolitan Boston, Cape Cod and Martha's Vineyard, NSTAR Electric operated using traditional rates. For customers that were served in western Massachusetts, including the metropolitan Springfield region, NSTAR Electric operated using decoupled rates. Effective February 1, 2018, all of NSTAR Electric's distribution revenues were decoupled as a result of the DPU-approved rate decision. CL&P and NSTAR Electric reconciled their annual base distribution rate recovery amounts to their pre-established levels of baseline distribution delivery service revenues of \$1.059 billion and \$132.4 million, respectively, through December 31, 2017. Effective February 1, 2018, NSTAR Electric, operating entirely under decoupled rates, will reconcile its annual base distribution rate recovery to its new baseline of \$974.8 million. Any difference between the allowed level of distribution revenue and the actual amount realized during a 12-month period is adjusted through rates in the following period.

Asset Retirement Obligations: The costs associated with the depreciation of the regulated companies' ARO assets and accretion of the ARO liabilities are recorded as regulatory assets in accordance with regulatory accounting guidance. The regulated companies' ARO assets, regulatory assets and liabilities offset and are excluded from rate base. These costs are being recovered over the life of the underlying property, plant and equipment.

Other Regulatory Assets: Other Regulatory Assets primarily include contractual obligations associated with the remaining nuclear fuel storage costs of the CYAPC, YAEC and MYAPC nuclear facilities, environmental remediation costs, losses associated with the reacquisition or redemption of long-term debt, certain uncollectible accounts receivable for hardship customers, certain merger-related costs allowed for recovery, water tank painting costs, and various other items.

Regulatory Costs in Long-Term Assets: Eversource's regulated companies had \$105.8 million (including \$18.2 million for CL&P, \$42.7 million for NSTAR Electric and \$27.2 million for PSNH) and \$86.3 million (including \$5.9 million for CL&P, \$55.1 million for NSTAR Electric and \$8.2 million for PSNH) of additional regulatory costs as of December 31, 2017 and 2016, respectively, that were included in long-term assets on the balance sheets. These amounts represent incurred costs for which recovery has not yet been specifically approved by the applicable regulatory agency. However, based on regulatory policies or past precedent on similar costs, management believes it is probable that these costs will ultimately be approved and recovered from customers in rates.

Equity Return on Regulatory Assets: For rate-making purposes, the regulated companies recover the carrying costs related to their regulatory assets. For certain regulatory assets, the carrying cost recovered includes an equity return component. This equity return, which is not recorded on the balance sheets, totaled \$1.0 million and \$1.2 million for CL&P as of December 31, 2017 and 2016, respectively. These carrying costs will be recovered from customers in future rates. As of December 31, 2017 and 2016, this equity return, which is not recorded on the balance sheets, totaled \$42.0 million and \$44.9 million, respectively, for PSNH. These amounts include \$25 million of equity return on the Clean Air Project costs that PSNH has agreed not to bill customers as part of a generation divestiture settlement agreement.

Regulatory Liabilities: The components of regulatory liabilities were as follows:

Eversource (Millions of Dollars)	As of December 31,	
	2017	2016
Cost of Removal	\$ 502.1	\$ 459.7
Benefit Costs	132.3	136.2
Regulatory Tracker Mechanisms	136.7	145.3
AFUDC - Transmission	67.1	65.8
Other Regulatory Liabilities	45.2	42.1
Total Regulatory Liabilities ⁽¹⁾	883.4	849.1
Less: Current Portion	128.1	146.8
Total Long-Term Regulatory Liabilities ⁽¹⁾	\$ 755.3	\$ 702.3

As of December 31,

	2017			2016		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
(Millions of Dollars)						
Cost of Removal	\$ 23.2	\$ 293.8	\$ 37.9	\$ 38.8	\$ 280.2	\$ 44.1
Benefit Costs	—	112.6	—	—	113.1	—
Regulatory Tracker Mechanisms	34.6	77.8	5.0	37.2	78.4	10.7
AFUDC - Transmission	48.8	18.3	—	50.2	15.6	—
Other Regulatory Liabilities	12.9	3.7	2.7	21.0	0.3	2.7
Total Regulatory Liabilities ⁽¹⁾	119.5	506.2	45.6	147.2	487.6	57.5
Less: Current Portion	39.0	79.6	6.3	47.1	78.5	12.7
Total Long-Term Regulatory Liabilities ⁽¹⁾	\$ 80.5	\$ 426.6	\$ 39.3	\$ 100.1	\$ 409.1	\$ 44.8

⁽¹⁾ The amounts above do not include the impacts associated with the "Tax Cuts and Jobs Act" (the "Act"), which became law on December 22, 2017. Pursuant to the enacted law, Eversource remeasured its existing deferred federal income tax balances as of December 31, 2017 to reflect the decrease in the U.S. federal corporate income tax rate from 35 percent to 21 percent. The remeasurement resulted in provisional regulated excess accumulated deferred income tax (ADIT) liabilities that we expect to benefit our customers in future periods, which were estimated to be approximately \$2.9 billion (approximately \$1.0 billion at CL&P, \$1.1 billion at NSTAR Electric and \$0.4 billion at PSNH) as of December 31, 2017 and recognized as regulatory liabilities on the balance sheet. We estimate that about 85 percent of the provisional regulated excess ADIT liabilities relate to property, plant, and equipment with remaining useful lives estimated to be in excess of 20 years. These amounts are subject to IRS normalization rules and would be returned to customers using the same timing as the remaining useful lives of the underlying assets that gave rise to the ADIT liabilities. The Eversource regulated companies are currently working with the state regulatory commissions, who have opened investigations to examine the impact of the Act on customer rates. For further information, see Note 10, "Income Taxes," to the financial statements.

Cost of Removal: Eversource's regulated companies currently recover amounts in rates for future costs of removal of plant assets over the lives of the assets. The estimated cost to remove utility assets from service is recognized as a component of depreciation expense, and the cumulative amount collected from customers but not yet expended is recognized as a regulatory liability.

AFUDC - Transmission: Regulatory liabilities were recorded by CL&P and NSTAR Electric for AFUDC accrued on certain reliability-related transmission projects to reflect local rate base recovery. These regulatory liabilities will be amortized over the depreciable life of the related transmission assets.

FERC ROE Complaints: As of December 31, 2017, Eversource has a reserve established for the first and second ROE complaints in the pending FERC ROE complaint proceedings, which was recorded as a regulatory liability. The cumulative pre-tax reserve (excluding interest) as of December 31, 2017, which includes the impact of refunds given to customers, totaled \$39.1 million for Eversource (including \$21.4 million for CL&P, \$14.6 million for NSTAR Electric and \$3.1 million for PSNH). See Note 11E, "Commitments and Contingencies – FERC ROE Complaints," for further information on developments in the pending ROE complaint proceedings.

Recent Regulatory Developments:

NSTAR Electric Distribution Rate Case Decision: On November 30, 2017, the DPU issued its decision in the NSTAR Electric distribution rate case, which approved an annual distribution rate increase of \$37 million, with rates effective February 1, 2018. On January 3, 2018, NSTAR Electric filed a motion to reflect a revenue requirement reduction of \$56 million (due to the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act"), resulting in an annual net decrease in rates of \$19 million.

In addition to its decision regarding rates, the DPU approved an authorized regulatory ROE of 10 percent, the establishment of a revenue decoupling rate mechanism for the portion of the NSTAR Electric business that did not previously have a decoupling mechanism, and the implementation of an inflation-based adjustment mechanism with a five-year stay-out until January 1, 2023.

Among other items, the DPU approved the recovery of previously expensed merger-related costs (which were incurred by Eversource parent in prior years) over a 10-year period and the recovery of previously deferred storm costs with carrying charges at the prime rate, but disallowed certain property taxes. The rate case decision resulted in the recognition of an aggregate \$44.1 million pre-tax benefit recorded in 2017 (\$14.1 million at NSTAR Electric).

CL&P Rate Case Settlement: On January 11, 2018, CL&P filed a distribution rate case settlement agreement for approval by PURA, which included, among other things, rate increases of \$97.1 million, \$32.7 million and \$24.7 million, effective May 1, 2018, 2019, and 2020, respectively, an authorized regulatory ROE of 9.25 percent, 53 percent common equity in CL&P's capital structure, and a new capital tracker through 2020 for capital additions, system resiliency, and grid modernization. The rate increases associated with the settlement agreement will be reduced by the impact of the decrease in the federal corporate income tax rate, as part of the "Tax Cuts and Jobs Act," while amounts related to ADIT will be addressed in a separate manner. CL&P expects to receive final approval from PURA in the second quarter of 2018. No actions arose from this settlement that had an impact on previously deferred costs.

3. PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

Utility property, plant and equipment is recorded at original cost. Original cost includes materials, labor, construction overheads and AFUDC for regulated property. The cost of repairs and maintenance, including planned major maintenance activities, is charged to Operations and Maintenance expense as incurred.

The following tables summarize property, plant and equipment by asset category:

Eversource (Millions of Dollars)	As of December 31,	
	2017	2016
Distribution - Electric	\$ 14,410.5	\$ 13,716.9
Distribution - Natural Gas	3,244.2	3,010.4
Transmission - Electric	9,270.9	8,517.4
Water ⁽¹⁾	1,558.4	—
Generation and Solar ⁽²⁾	36.2	1,224.2
Utility	28,520.2	26,468.9
Other ⁽³⁾	693.7	591.6
Property, Plant and Equipment, Gross	29,213.9	27,060.5
Less: Accumulated Depreciation		
Utility	(6,846.9)	(6,480.4)
Other	(286.9)	(242.0)
Total Accumulated Depreciation	(7,133.8)	(6,722.4)
Property, Plant and Equipment, Net	22,080.1	20,338.1
Construction Work in Progress	1,537.4	1,012.4
Total Property, Plant and Equipment, Net	\$ 23,617.5	\$ 21,350.5

(Millions of Dollars)	As of December 31,					
	2017			2016		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Distribution	\$ 5,888.3	\$ 6,479.0	\$ 2,083.4	\$ 5,562.9	\$ 6,244.2	\$ 1,949.8
Transmission	4,239.9	3,821.2	1,161.3	3,912.9	3,496.9	1,059.3
Generation and Solar ⁽²⁾	—	36.2	—	—	36.0	1,188.2
Property, Plant and Equipment, Gross	10,128.2	10,336.4	3,244.7	9,475.8	9,777.1	4,197.3
Less: Accumulated Depreciation	(2,239.0)	(2,550.2)	(751.8)	(2,082.4)	(2,364.2)	(1,254.7)
Property, Plant and Equipment, Net	7,889.2	7,786.2	2,492.9	7,393.4	7,412.9	2,942.6
Construction Work in Progress	381.8	460.3	149.4	239.0	317.2	96.7
Total Property, Plant and Equipment, Net	\$ 8,271.0	\$ 8,246.5	\$ 2,642.3	\$ 7,632.4	\$ 7,730.1	\$ 3,039.3

⁽¹⁾ On December 4, 2017, Eversource completed the acquisition of Aquarion. See Note 22A, "Acquisition of Aquarion and Goodwill - Acquisition of Aquarion," for further information.

⁽²⁾ On October 11, 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets. As of December 31, 2017, PSNH has classified its generation assets as held for sale. As of December 31, 2016, these plant balances were recorded within Property, Plant and Equipment, Net on the balance sheet. See Note 12, "Assets Held for Sale," for further information.

⁽³⁾ These assets are primarily comprised of building improvements, computer software, hardware and equipment at Eversource Service.

Depreciation of utility assets is calculated on a straight-line basis using composite rates based on the estimated remaining useful lives of the various classes of property (estimated useful life for PSNH distribution and the water utilities). The composite rates, which are subject to approval by the appropriate state regulatory agency, include a cost of removal component, which is collected from customers over the lives of the plant assets and is recognized as a regulatory liability. Depreciation rates are applied to property from the time it is placed in service.

Upon retirement from service, the cost of the utility asset is charged to the accumulated provision for depreciation. The actual incurred removal costs are applied against the related regulatory liability.

The depreciation rates for the various classes of utility property, plant and equipment aggregate to composite rates as follows:

(Percent)	2017	2016	2015
Eversource	3.0%	3.0%	2.9%
CL&P	2.8%	2.7%	2.7%
NSTAR Electric	2.9%	2.9%	2.9%
PSNH	3.1%	3.1%	3.2%

The following table summarizes average remaining useful lives of depreciable assets:

(Years)	As of December 31, 2017			
	Eversource	CL&P	NSTAR Electric	PSNH
Distribution	34.6	35.8	31.7	31.3
Transmission	40.9	37.2	44.7	43.5
Water	32.0	—	—	—
Solar	25.0	—	25.0	—
Other	12.7	—	—	—

4. DERIVATIVE INSTRUMENTS

The electric and natural gas companies purchase and procure energy and energy-related products, which are subject to price volatility, for their customers. The costs associated with supplying energy to customers are recoverable from customers in future rates. These regulated companies manage the risks associated with the price volatility of energy and energy-related products through the use of derivative and non-derivative contracts.

Many of the derivative contracts meet the definition of, and are designated as, normal and qualify for accrual accounting under the applicable accounting guidance. The costs and benefits of derivative contracts that meet the definition of normal are recognized in Operating Expenses or Operating Revenues on the statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not designated as normal are recorded at fair value as current or long-term Derivative Assets or Derivative Liabilities on the balance sheets. For the electric and natural gas companies, regulatory assets or regulatory liabilities are recorded to offset the fair values of derivatives, as contract settlement amounts are recovered from, or refunded to, customers in their respective energy supply rates.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with current and long-term portions, on the balance sheets. The following table presents the gross fair values of contracts, categorized by risk type, and the net amounts recorded as current or long-term derivative assets or liabilities:

(Millions of Dollars)	As of December 31,					
	2017			2016		
	Commodity Supply and Price Risk Management	Netting ⁽¹⁾	Net Amount Recorded as a Derivative	Commodity Supply and Price Risk Management	Netting ⁽¹⁾	Net Amount Recorded as a Derivative
<u>Current Derivative Assets:</u>						
Level 2:						
Eversource	\$ —	\$ —	\$ —	\$ 6.0	\$ —	\$ 6.0
Level 3:						
CL&P	9.5	(7.1)	2.4	13.9	(9.4)	4.5
<u>Long-Term Derivative Assets:</u>						
Level 2:						
Eversource	\$ —	\$ —	\$ —	\$ 0.3	\$ (0.1)	\$ 0.2
Level 3:						
CL&P	71.9	(5.3)	66.6	77.3	(11.7)	65.6
<u>Current Derivative Liabilities:</u>						
Level 2:						
Eversource	\$ (4.5)	\$ —	\$ (4.5)	\$ —	\$ —	\$ —
Level 3:						
Eversource	(54.4)	—	(54.4)	(79.7)	—	(79.7)
CL&P	(54.4)	—	(54.4)	(77.8)	—	(77.8)
<u>Long-Term Derivative Liabilities:</u>						
Level 2:						
Eversource	\$ (0.4)	\$ —	\$ (0.4)	\$ —	\$ —	\$ —
Level 3:						
Eversource	(376.9)	—	(376.9)	(413.7)	—	(413.7)
CL&P	(376.9)	—	(376.9)	(412.8)	—	(412.8)

(1) Amounts represent derivative assets and liabilities that Eversource elected to record net on the balance sheets. These amounts are subject to master netting agreements or similar agreements for which the right of offset exists.

The business activities that result in the recognition of derivative assets also create exposure to various counterparties. As of December 31, 2017, CL&P's derivative assets were exposed to counterparty credit risk. Of CL&P's derivative assets, \$69.0 million was contracted with investment grade entities.

For further information on the fair value of derivative contracts, see Note 1I, "Summary of Significant Accounting Policies – Fair Value Measurements," and Note 1J, "Summary of Significant Accounting Policies – Derivative Accounting," to the financial statements.

Derivative Contracts at Fair Value with Offsetting Regulatory Amounts

Commodity Supply and Price Risk Management: As required by regulation, CL&P, along with UI, has capacity-related contracts with generation facilities. CL&P has a sharing agreement with UI, with 80 percent of the costs or benefits of each contract borne by or allocated to CL&P and 20 percent borne by or allocated to UI. The combined capacity of these contracts is 787 MW. The capacity contracts extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set capacity price and the capacity market price received in the ISO-NE capacity markets. In addition, CL&P has a contract to purchase 0.1 million MWh of energy per year through 2020.

As of December 31, 2017 and 2016, Eversource had NYMEX financial contracts for natural gas futures in order to reduce variability associated with the purchase price of 9.5 million and 9.2 million MMBtu of natural gas, respectively.

For the years ended December 31, 2017, 2016 and 2015, there were losses of \$29.0 million, \$125.5 million and \$60.2 million, respectively, deferred as regulatory costs, which reflect the change in fair value associated with Eversource's derivative contracts.

Credit Risk

Certain of Eversource's derivative contracts contain credit risk contingent provisions. These provisions require Eversource to maintain investment grade credit ratings from the major rating agencies and to post collateral for contracts in a net liability position over specified credit limits. As of December 31, 2017, Eversource had \$3.4 million of derivative contracts in a net liability position that were subject to credit risk contingent provisions and would have been required to post additional collateral of \$3.7 million if Eversource's unsecured debt credit ratings had been downgraded to below investment grade. As of December 31, 2016, Eversource had no derivative contracts in a net liability position that were subject to credit risk contingent provisions.

Fair Value Measurements of Derivative Instruments

Derivative contracts classified as Level 2 in the fair value hierarchy relate to the financial contracts for natural gas futures. Prices are obtained from broker quotes and are based on actual market activity. The contracts are valued using NYMEX natural gas prices. Valuations of these contracts also incorporate discount rates using the yield curve approach.

The fair value of derivative contracts classified as Level 3 utilizes significant unobservable inputs. The fair value is modeled using income techniques, such as discounted cash flow valuations adjusted for assumptions related to exit price. Significant observable inputs for valuations of these contracts include energy and energy-related product prices in future years for which quoted prices in an active market exist. Fair value measurements categorized in Level 3 of the fair value hierarchy are prepared by individuals with expertise in valuation techniques, pricing of energy and energy-related products, and accounting requirements. The future power and capacity prices for periods that are not quoted in an active market or established at auction are based on available market data and are escalated based on estimates of inflation in order to address the full term of the contract.

Valuations of derivative contracts using a discounted cash flow methodology include assumptions regarding the timing and likelihood of scheduled payments and also reflect non-performance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the Company's credit rating for liabilities.

Valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using historical market transactions adjusted for the terms of the contract.

The following is a summary of CL&P's Level 3 derivative contracts and the range of the significant unobservable inputs utilized in the valuations over the duration of the contracts:

CL&P	As of December 31,									
	2017					2016				
	Range		Period Covered			Range		Period Covered		
Capacity Prices	\$ 5.00	— 8.70	per kW-Month	2021 - 2026		\$ 5.50	— 8.70	per kW-Month	2020 - 2026	
Forward Reserve	1.00	— 2.00	per kW-Month	2018 - 2024		1.40	— 2.00	per kW-Month	2017 - 2024	

Exit price premiums of 6 percent through 18 percent are also applied on these contracts and reflect the uncertainty and illiquidity premiums that would be required based on the most recent market activity available for similar type contracts.

Valuations using significant unobservable inputs: The following table presents changes in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis.

(Millions of Dollars)

Derivatives, Net:

	Eversource	CL&P
Fair Value as of January 1, 2016	\$ (380.9)	\$ (380.8)
Net Realized/Unrealized Losses Included in Regulatory Assets and Liabilities	(130.7)	(122.7)
Settlements	88.3	83.0
Fair Value as of December 31, 2016	\$ (423.3)	\$ (420.5)
Transfer out of Level 3	1.2	—
Net Realized/Unrealized Losses Included in Regulatory Assets and Liabilities	(11.4)	(9.5)
Settlements	71.2	67.7
Fair Value as of December 31, 2017	\$ (362.3)	\$ (362.3)

Significant increases or decreases in future energy or capacity prices in isolation would decrease or increase, respectively, the fair value of the derivative liability. Any increases in risk premiums would increase the fair value of the derivative liability. Changes in these fair values are recorded as a regulatory asset or liability and do not impact net income.

5. MARKETABLE SECURITIES

Eversource maintains trusts that hold marketable securities to fund certain non-qualified executive benefits. These trusts are not subject to regulatory oversight by state or federal agencies. CYAPC and YAEC maintain legally restricted trusts, each of which holds marketable securities, to fund the spent nuclear fuel removal obligations of their nuclear fuel storage facilities.

Trading Securities: Eversource has elected to record certain equity securities as trading securities, with the changes in fair values recorded in Other Income, Net on the statements of income. As of December 31, 2016, these securities were classified as Level 1 in the fair value hierarchy and totaled \$9.6 million. These securities were sold during 2017 and were no longer held as of December 31, 2017. For the years ended December 31, 2016 and 2015, net gains on these securities of \$0.6 million and \$2.0 million, respectively, were recorded in Other Income, Net on the statements of income. Dividend income is recorded in Other Income, Net when dividends are declared.

Available-for-Sale Securities: The following is a summary of available-for-sale securities, which are recorded at fair value and are included in current and long-term Marketable Securities on the balance sheets.

Eversource (Millions of Dollars)	As of December 31,							
	2017				2016			
	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value	Amortized Cost	Pre-Tax Unrealized Gains	Pre-Tax Unrealized Losses	Fair Value
Debt Securities	\$ 284.9	\$ 3.2	\$ (1.1)	\$ 287.0	\$ 296.2	\$ 1.1	\$ (2.1)	\$ 295.2
Equity Securities	216.1	97.8	(0.1)	313.8	203.3	62.3	(1.2)	264.4

Eversource's debt and equity securities include CYAPC's and YAEC's marketable securities held in nuclear decommissioning trusts in the amounts of \$503.6 million and \$466.7 million as of December 31, 2017 and 2016, respectively. Unrealized gains and losses for these nuclear decommissioning trusts are recorded in Marketable Securities with the corresponding offset to Other Long-Term Liabilities on the balance sheets, with no impact on the statements of income.

Unrealized Losses and Other-than-Temporary Impairment: There have been no significant unrealized losses, other-than-temporary impairments or credit losses in 2017 or 2016. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset-backed debt securities, underlying collateral and expected future cash flows are also evaluated.

Realized Gains and Losses: Realized gains and losses on available-for-sale securities are recorded in Other Income, Net for Eversource's benefit trust and are offset in Other Long-Term Liabilities for CYAPC and YAEC. Eversource utilizes the specific identification basis method for the Eversource benefit trust, and the average cost basis method for the CYAPC and YAEC nuclear decommissioning trusts to compute the realized gains and losses on the sale of available-for-sale securities. For the year ended December 31, 2017, Eversource recognized net realized gains of \$9.8 million on the sales of available-for-sale securities held in the benefit trust. The proceeds of the sales were re-invested in the Eversource benefit trust.

Contractual Maturities: As of December 31, 2017, the contractual maturities of available-for-sale debt securities were as follows:

Eversource (Millions of Dollars)	Amortized Cost	Fair Value
Less than one year ⁽¹⁾	\$ 40.2	\$ 40.1
One to five years	46.7	47.5
Six to ten years	64.7	65.6
Greater than ten years	133.3	133.8
Total Debt Securities	\$ 284.9	\$ 287.0

(1) Amounts in the Less than one year category include securities in the CYAPC and YAEC nuclear decommissioning trusts, which are restricted and are classified in long-term Marketable Securities on the balance sheets.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

Eversource (Millions of Dollars)	As of December 31,	
	2017	2016
Level 1:		
Mutual Funds and Equities	\$ 313.8	\$ 274.0
Money Market Funds	23.3	54.8
Total Level 1	\$ 337.1	\$ 328.8
Level 2:		
U.S. Government Issued Debt Securities (Agency and Treasury)	\$ 70.2	\$ 63.0
Corporate Debt Securities	50.9	41.1
Asset-Backed Debt Securities	21.2	18.5
Municipal Bonds	110.7	107.5
Other Fixed Income Securities	10.7	10.3
Total Level 2	\$ 263.7	\$ 240.4
Total Marketable Securities	\$ 600.8	\$ 569.2

U.S. government issued debt securities are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate debt securities are valued using a market approach, utilizing recent trades of the same or similar instruments and also incorporating yield curves, credit spreads and specific bond terms and conditions. Asset-backed debt securities include collateralized mortgage obligations, commercial mortgage backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset-backed debt securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates, and tranche information. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Other fixed income securities are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

6. ASSET RETIREMENT OBLIGATIONS

Eversource, including CL&P, NSTAR Electric and PSNH, recognizes a liability for the fair value of an ARO on the obligation date if the liability's fair value can be reasonably estimated, even if it is conditional on a future event. Settlement dates and future costs are reasonably estimated when sufficient information becomes available. Management has identified various categories of AROs, primarily certain assets containing asbestos and hazardous contamination, and has performed fair value calculations reflecting expected probabilities for settlement scenarios.

The fair value of an ARO is recorded as a liability in Other Long-Term Liabilities with a corresponding amount included in Property, Plant and Equipment, Net on the balance sheets. The ARO assets are depreciated, and the ARO liabilities are accreted over the estimated life of the obligation and the corresponding credits are recorded as accumulated depreciation and ARO liabilities, respectively. As the electric and natural gas companies are rate-regulated on a cost-of-service basis, these companies apply regulatory accounting guidance and both the depreciation and accretion costs associated with these companies' AROs are recorded as increases to Regulatory Assets on the balance sheets.

A reconciliation of the beginning and ending carrying amounts of ARO liabilities are as follows:

Eversource (Millions of Dollars)	As of December 31,	
	2017	2016
Balance as of Beginning of Year	\$ 426.4	\$ 430.1
Liabilities Incurred During the Year	0.2	1.3
Liabilities Settled During the Year	(19.3)	(19.0)
Accretion	26.3	22.9
Revisions in Estimated Cash Flows	(14.5)	(8.9)
Balance as of End of Year	\$ 419.1	\$ 426.4

	As of December 31,					
	2017			2016		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
(Millions of Dollars)						
Balance as of Beginning of Year	\$ 36.0	\$ 42.6	\$ 23.5	\$ 33.8	\$ 41.0	\$ 21.6
Liabilities Incurred During the Year	0.1	0.1	—	—	—	0.5
Liabilities Settled During the Year	(1.0)	(0.2)	—	—	(0.4)	—
Accretion	2.3	2.1	1.5	2.2	2.0	1.4
Revisions in Estimated Cash Flows	(5.9)	—	—	—	—	—
Balance as of End of Year	\$ 31.5	\$ 44.6	\$ 25.0	\$ 36.0	\$ 42.6	\$ 23.5

Eversource's amounts include CYAPC and YAEC's AROs of \$301.5 million and \$308.6 million as of December 31, 2017 and 2016, respectively. The fair value of the ARO for CYAPC and YAEC includes uncertainties of the fuel off-load dates related to the DOE's timing of performance regarding its obligation to dispose of the spent nuclear fuel and high level waste. The incremental asset recorded as an offset to the ARO liability was fully depreciated since the plants have no remaining useful life. Any changes in the assumptions used to calculate the fair value of the ARO liability are recorded with a corresponding offset to the related regulatory asset. The assets held in the CYAPC and YAEC nuclear decommissioning trusts are restricted for settling the ARO and all other decommissioning obligations. For further information on the assets held in the nuclear decommissioning trusts, see Note 5, "Marketable Securities," to the financial statements.

7. SHORT-TERM DEBT

Short-Term Debt Borrowing Limits: The amount of short-term borrowings that may be incurred by CL&P, NSTAR Electric and NPT is subject to periodic approval by the FERC. Because the NHPUC has jurisdiction over PSNH's short-term debt, PSNH is not currently required to obtain FERC approval for its short-term borrowings. On November 30, 2017, the FERC granted authorization that allows CL&P to issue total short-term borrowings in an aggregate principal amount not to exceed \$600 million outstanding at any one time, through December 31, 2019. On November 30, 2017, the FERC granted authorization that allows NSTAR Electric to issue total short-term borrowings in an aggregate principal amount not to exceed \$655 million outstanding at any one time, through December 30, 2019. On November 3, 2016, FERC authorized NPT to issue up to an aggregate of \$800 million in short-term debt and long-term debt through December 31, 2018.

PSNH is authorized by regulation of the NHPUC to incur short-term borrowings up to 10 percent of net fixed plant plus an additional \$60 million until further ordered by the NHPUC. As of December 31, 2017, PSNH's short-term debt authorization under the 10 percent of net fixed plant test plus \$60 million totaled approximately \$364 million.

CL&P's certificate of incorporation contains preferred stock provisions restricting the amount of unsecured debt that CL&P may incur, including limiting unsecured indebtedness with a maturity of less than 10 years to 10 percent of total capitalization. As of December 31, 2017, CL&P had \$607.4 million of unsecured debt capacity available under this authorization.

Yankee Gas and NSTAR Gas are not required to obtain approval from any state or federal authority to incur short-term debt.

Commercial Paper Programs and Credit Agreements: Eversource parent has a \$1.45 billion commercial paper program allowing Eversource parent to issue commercial paper as a form of short-term debt. Eversource parent, CL&P, PSNH, NSTAR Gas and Yankee Gas are also parties to a five-year \$1.45 billion revolving credit facility. On December 8, 2017, Eversource parent amended and restated the revolving credit facility. The amended and restated credit facility terminates on December 8, 2022 and serves to backstop Eversource parent's \$1.45 billion commercial paper program. There were no borrowings outstanding on the revolving credit facility as of December 31, 2017 or 2016.

NSTAR Electric has a \$650 million commercial paper program allowing NSTAR Electric to issue commercial paper as a form of short-term debt. On December 8, 2017, NSTAR Electric increased its commercial paper program from \$450 million to \$650 million. NSTAR Electric is also a party to a five-year \$650 million revolving credit facility. On December 8, 2017, NSTAR Electric amended and restated the revolving credit facility, increasing it from \$450 million to \$650 million. The amended and restated credit facility terminates on December 8, 2022 and serves to backstop NSTAR Electric's \$650 million commercial paper program. There were no borrowings outstanding on the revolving credit facility as of December 31, 2017 or 2016.

The amount of borrowings outstanding and available under the commercial paper programs and revolving credit facility was as follows:

	Borrowings Outstanding as of December 31,		Available Borrowing Capacity as of December 31,		Weighted-Average Interest Rate as of December 31,	
	2017	2016	2017	2016	2017	2016
(Millions of Dollars)						
Eversource Parent Commercial Paper Program	\$ 979.3	\$ 1,022.0	\$ 470.7	\$ 428.0	1.86%	0.88%
NSTAR Electric Commercial Paper Program	234.0	126.5	416.0	323.5	1.55%	0.71%
Revolving Credit Facility ⁽¹⁾	76.0	N/A	24.0	N/A	2.66%	N/A

⁽¹⁾ Aquarion has a \$100.0 million revolving credit facility, which expires on August 19, 2019.

Amounts outstanding under the commercial paper programs and revolving credit facility are included in Notes Payable for Eversource and NSTAR Electric and are classified in current liabilities on the balance sheets as all borrowings are outstanding for no more than 364 days at one time. As a result of the Eversource parent long-term debt issuances on January 8, 2018, the net proceeds of which were used to repay short-term borrowings outstanding under its commercial paper program, \$201.2 million of commercial paper borrowings under the Eversource parent commercial paper program were reclassified as Long-Term Debt as of December 31, 2017.

As of December 31, 2017, there were intercompany loans from Eversource parent of \$69.5 million to CL&P and \$262.9 million to PSNH. As of December 31, 2016, there were intercompany loans from Eversource parent of \$80.1 million to CL&P, \$160.9 million to PSNH and \$51.0 million to NSTAR Electric. These intercompany loans from Eversource parent are included in Notes Payable to Eversource Parent and are classified in current liabilities on the respective subsidiary's balance sheets. Intercompany loans from Eversource parent are eliminated in consolidation on Eversource's balance sheets.

Under the credit facilities described above, Eversource and its subsidiaries must comply with certain financial and non-financial covenants, including a consolidated debt to total capitalization ratio. As of December 31, 2017 and 2016, Eversource and its subsidiaries were in compliance with these covenants. If Eversource or its subsidiaries were not in compliance with these covenants, an event of default would occur requiring all outstanding borrowings by such borrower to be repaid, and additional borrowings by such borrower would not be permitted under its respective credit facility.

8. LONG-TERM DEBT

Details of long-term debt outstanding are as follows:

CL&P (Millions of Dollars)	As of December 31,	
	2017	2016
First Mortgage Bonds:		
7.875% 1994 Series D due 2024	\$ 139.8	\$ 139.8
5.750% 2004 Series B due 2034	130.0	130.0
5.625% 2005 Series B due 2035	100.0	100.0
6.350% 2006 Series A due 2036	250.0	250.0
5.375% 2007 Series A due 2017	—	150.0
5.750% 2007 Series B due 2037	150.0	150.0
5.750% 2007 Series C due 2017	—	100.0
6.375% 2007 Series D due 2037	100.0	100.0
5.650% 2008 Series A due 2018	300.0	300.0
5.500% 2009 Series A due 2019	250.0	250.0
2.500% 2013 Series A due 2023	400.0	400.0
4.300% 2014 Series A due 2044	475.0	250.0
4.150% 2015 Series A due 2045	350.0	350.0
3.200% 2017 Series A due 2027	300.0	—
Total First Mortgage Bonds	2,944.8	2,669.8
Pollution Control Revenue Bonds:		
4.375% Fixed Rate Tax Exempt due 2028	120.5	120.5
Less Amounts due Within One Year	(300.0)	(250.0)
Unamortized Premiums and Discounts, Net	11.5	(10.0)
Unamortized Debt Issuance Costs	(17.7)	(14.3)
CL&P Long-Term Debt	\$ 2,759.1	\$ 2,516.0

NSTAR Electric
(Millions of Dollars)

	As of December 31,	
	2017	2016
Debentures:		
5.750% due 2036	\$ 200.0	\$ 200.0
5.625% due 2017	—	400.0
5.500% due 2040	300.0	300.0
2.375% due 2022	400.0	400.0
4.400% due 2044	300.0	300.0
3.250% due 2025	250.0	250.0
2.700% due 2026	250.0	250.0
3.200% due 2027	700.0	—
Total Debentures	2,400.0	2,100.0
Notes:		
5.900% Senior Notes Series B due 2034	50.0	50.0
6.700% Senior Notes Series D due 2037	40.0	40.0
5.100% Senior Notes Series E due 2020	95.0	95.0
3.500% Senior Notes Series F due 2021	250.0	250.0
3.880% Senior Notes Series G due 2023	80.0	80.0
2.750% Senior Notes Series H due 2026	50.0	50.0
Total Notes	565.0	565.0
Less Amounts due Within One Year	—	(400.0)
Unamortized Premiums and Discounts, Net	(1.8)	(4.9)
Unamortized Debt Issuance Costs	(19.4)	(15.5)
NSTAR Electric Long-Term Debt	\$ 2,943.8	\$ 2,244.6

PSNH
(Millions of Dollars)

	As of December 31,	
	2017	2016
First Mortgage Bonds:		
5.600% Series M due 2035	\$ 50.0	\$ 50.0
6.150% Series N due 2017	—	70.0
6.000% Series O due 2018	110.0	110.0
4.500% Series P due 2019	150.0	150.0
4.050% Series Q due 2021	122.0	122.0
3.200% Series R due 2021	160.0	160.0
3.500% Series S due 2023	325.0	325.0
Total First Mortgage Bonds	917.0	987.0
Pollution Control Revenue Bonds:		
Adjustable Rate Tax Exempt Series A due 2021 (2.048% and 1.138% as of December 31, 2017 and 2016, respectively)	89.3	89.3
Less Amounts due Within One Year	(110.0)	(70.0)
Unamortized Premiums and Discounts, Net	0.2	0.1
Unamortized Debt Issuance Costs	(4.1)	(4.4)
PSNH Long-Term Debt	\$ 892.4	\$ 1,002.0

OTHER (Millions of Dollars)	As of December 31,	
	2017	2016
Yankee Gas - First Mortgage Bonds: 3.020% - 8.480% due 2018 - 2044	\$ 520.0	\$ 445.0
NSTAR Gas - First Mortgage Bonds: 4.350% - 9.950% due 2020 - 2045	285.0	310.0
Eversource Parent and Other - Notes and Debentures:		
4.500% Debentures due 2019	350.0	350.0
1.450% - 4.000% Senior Notes due 2018 - 2026	3,260.0	1,700.0
Notes Payable Unsecured 3.57% - 6.430% due 2021 - 2037	290.9	—
Notes Payable Secured 4.10% - 9.64% due 2021 - 2035	70.4	—
Pre-1983 Spent Nuclear Fuel Obligation (CYAPC)	181.4	180.0
Fair Value Adjustment ⁽¹⁾	172.6	144.6
Less Fair Value Adjustment - Current Portion ⁽¹⁾	(35.4)	(28.9)
Less Amounts due in One Year	(104.2)	(25.0)
Commercial Paper Classified as Long-Term Debt	201.2	—
Unamortized Premiums and Discounts, Net	1.5	(1.8)
Unamortized Debt Issuance Costs	(12.8)	(7.1)
Total Other Long-Term Debt	5,180.6	\$ 3,066.8
Total Eversource Long-Term Debt	11,775.9	\$ 8,829.4

(1) The fair value adjustment amount is the purchase price adjustments, net of amortization, required to record the NSTAR long-term debt at fair value on the date of the 2012 merger and to record the Aquarion long-term debt at fair value as of December 4, 2017.

Long-Term Debt Issuances and Repayments: The following table summarizes long-term debt issuances and repayments:

(Millions of Dollars)

	Issue Date	Issuances/(Repayments)	Maturity Date	Use of Proceeds
CL&P:				
3.20% 2017 Series A First Mortgage Bonds	March 2017	\$ 300.0	2027	Repay short-term debt borrowings
4.30% 2014 Series A First Mortgage Bonds ⁽¹⁾	August 2017	225.0	2044	Refinance short-term debt and fund working capital and capital expenditures
5.375% 2007 Series A First Mortgage Bonds	March 2007	(150.0)	2017	N/A
5.75% 2007 Series C First Mortgage Bonds	September 2007	(100.0)	2017	N/A
NSTAR Electric:				
3.20% Debentures	May 2017	350.0	2027	Repay short-term borrowings and fund capital expenditures and working capital
3.20% Debentures ⁽²⁾	October 2017	350.0	2027	Redeem long-term debt that matured in 2017
5.625% Debentures	November 2007	(400.0)	2017	N/A
PSNH:				
6.15% Series N First Mortgage Bonds	September 2007	(70.0)	2017	N/A
Other:				
Yankee Gas 3.02% Series N First Mortgage Bonds	September 2017	75.0	2027	Repay short-term borrowings
NSTAR Gas 7.04% Series M First Mortgage Bonds	September 1997	(25.0)	2017	N/A
Eversource Parent 2.75% Series K Senior Notes	March 2017	300.0	2022	Repay short-term borrowings
Eversource Parent 2.75% Series K Senior Notes ⁽³⁾	October 2017	450.0	2022	Repay short-term borrowings
Eversource Parent 2.90% Series L Senior Notes	October 2017	450.0	2024	Repay short-term borrowings
Eversource Parent 2.50% Series I Senior Notes ⁽⁴⁾	January 2018	200.0	2021	Repay long-term debt due to mature in 2018 and repay short-term borrowings
Eversource Parent 3.30% Series M Senior Notes	January 2018	450.0	2028	Repay long-term debt due to mature in 2018
Eversource Parent 1.60% Series G Senior Notes ⁽⁵⁾	January 2015	(150.0)	2018	N/A

(1) These bonds are part of the existing series initially issued by CL&P in 2014. The aggregate outstanding principal amount for these bonds is now \$475 million.

(2) These debentures are part of the same series initially issued by NSTAR Electric in May 2017. The aggregate outstanding principal amount for these debentures is now \$700 million.

(3) These notes are part of the same series issued by Eversource parent in March 2017. The aggregate outstanding principal amount for these notes is now \$750 million.

(4) These notes are part of the same series issued by Eversource parent in March 2016. The aggregate outstanding principal amount for these notes is now \$450 million.

(5) Represents a repayment at maturity on January, 15 2018.

As a result of the Eversource parent debt issuances in January 2018, \$446.8 million of current portion of long-term debt related to two Eversource parent issuances maturing in 2018 and \$201.2 million of commercial paper borrowings were reclassified to Long-Term Debt as of December 31, 2017.

Long-Term Debt Issuance Authorizations: On January 4, 2017, PURA approved CL&P's request for authorization to issue up to \$1.325 billion in long-term debt through December 31, 2020. On March 30, 2017, the DPU approved NSTAR Electric's request for authorization to issue up to \$700 million in long-term debt through December 31, 2018. On December 20, 2017, PURA approved Yankee Gas' request to extend the authorization period for issuance of up to \$50 million in long-term debt from December 31, 2017 to December 31, 2018.

Long-Term Debt Provisions: The utility plant of CL&P, PSNH, Yankee Gas and NSTAR Gas is subject to the lien of each company's respective first mortgage bond indenture. The Eversource parent and NSTAR Electric debt is unsecured. Additionally, the long-term debt agreements provide that Eversource and certain of its subsidiaries must comply with certain covenants as are customarily included in such agreements, including equity requirements for NSTAR Electric and NSTAR Gas. Under the equity requirements, NSTAR Electric's senior notes must maintain a certain consolidated indebtedness to capitalization ratio as of the end of any fiscal quarter and NSTAR Gas' outstanding long-term debt must not exceed equity.

CL&P's obligation to repay the PCRBs is secured by first mortgage bonds. The first mortgage bonds contain similar terms and provisions as the applicable series of PCRBs. If CL&P fails to meet its obligations under the first mortgage bonds, then the holder of the first mortgage bonds (the issuer of the PCRBs) would have rights under the first mortgage bonds. CL&P's tax-exempt PCRBs will be subject to redemption at par on or after September 1, 2021. All other long-term debt securities are subject to make-whole provisions.

PSNH's obligation to repay the PCRBs is secured by first mortgage bonds and bond insurance. The first mortgage bonds contain similar terms and provisions as the PCRBs. If PSNH fails to meet its obligations under the first mortgage bonds, then the holder of the first mortgage bonds (the issuer of the PCRBs) would have rights under the first mortgage bonds. The PSNH Series A tax-exempt PCRBs are currently callable at 100 percent of par. The PCRBs bear interest at a rate that is periodically set pursuant to auctions. PSNH is not obligated to purchase these PCRBs, which mature in 2021, from the remarketing agent.

Certain secured and unsecured notes payable are callable at redemption price and are subject to make-whole provisions.

Eversource, NSTAR Electric and Yankee Gas have certain long-term debt agreements that contain cross-default provisions. No other debt issuances contain cross-default provisions as of December 31, 2017.

Pre-1983 Spent Nuclear Fuel Obligation: Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. CYAPC is obligated to pay the DOE for the costs to dispose of spent nuclear fuel and high-level radioactive waste generated prior to April 7, 1983 (pre-1983 Spent Nuclear Fuel) and recorded an accrual for the full liability thereof to the DOE. This liability accrues interest costs at the 3-month Treasury bill yield rate. For nuclear fuel used to generate electricity prior to April 7, 1983, payment may be made any time prior to the first delivery of spent fuel to the DOE. Fees for disposal of nuclear fuel burned on or after April 7, 1983 were billed to member companies and paid to the DOE.

As of December 31, 2017 and 2016, as a result of consolidating CYAPC, Eversource has consolidated \$181.4 million and \$180.0 million, respectively, in pre-1983 spent nuclear fuel obligations to the DOE. These obligations include accumulated interest costs of \$132.6 million and \$131.2 million as of December 31, 2017 and 2016, respectively. CYAPC maintains a trust to fund amounts due to the DOE for the disposal of pre-1983 spent nuclear fuel. For further information, see Note 5, "Marketable Securities," to the financial statements.

Long-Term Debt Maturities: Long-term debt maturities on debt outstanding for the years 2018 through 2022 and thereafter are shown below. These amounts exclude the CYAPC pre-1983 spent nuclear fuel obligation, net unamortized premiums, discounts and debt issuance costs, and other fair value adjustments as of December 31, 2017:

(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2018	\$ 961.0	\$ 300.0	\$ —	\$ 110.0
2019	801.0	250.0	—	150.0
2020	296.1	—	95.0	—
2021	922.8	—	250.0	371.3
2022	1,188.9	—	400.0	—
Thereafter	7,643.1	2,515.3	2,220.0	375.0
Total	\$ 11,812.9	\$ 3,065.3	\$ 2,965.0	\$ 1,006.3

9. EMPLOYEE BENEFITS

A. Pension Benefits and Postretirement Benefits Other Than Pensions

Eversource provides defined benefit plans (the "Pension Plans") that cover eligible employees, including, among others, employees of CL&P, NSTAR Electric and PSNH. The Pension Plans are subject to the provisions of ERISA, as amended by the PPA of 2006. Eversource's policy is to annually fund the Pension Plans in an amount at least equal to an amount that will satisfy all federal funding requirements. In addition to the Pension Plans, Eversource maintains SERP Plans which provide benefits in excess of Internal Revenue Code limitations to eligible participants consisting of current and retired employees.

Eversource also provides defined benefit postretirement plans (the "PBOP Plans") that provided certain benefits, primarily medical, dental and life insurance to eligible employees that met certain age and service eligibility requirements. In August 2016, Eversource Service amended its PBOP Plan, which standardized separate benefit structures that existed within the plan and made other benefit changes. The new plan provides life insurance and a health reimbursement arrangement created for the purpose of reimbursing retirees and dependents for health insurance premiums and certain medical expenses. The benefits provided under the PBOP Plans are not vested, and the Company has the right to modify any benefit provision subject to applicable laws at that time. Eversource annually funds postretirement costs through tax deductible contributions to external trusts.

Because the regulated companies recover the retiree benefit costs from customers through rates, regulatory assets are recorded in lieu of recording an adjustment to Accumulated Other Comprehensive Income/(Loss) for the funded status of the Pension, SERP and PBOP Plans. Regulatory accounting is also applied to the portions of the Eversource Service costs that support the regulated companies, as these costs are also recovered from customers. Adjustments to the Pension and PBOP Plans funded status for the unregulated companies are recorded on an after-tax basis to Accumulated Other Comprehensive Income/(Loss). For further information, see Note 2, "Regulatory Accounting," and Note 15, "Accumulated Other Comprehensive Income/(Loss)," to the financial statements.

The difference between the actual return and calculated expected return on plan assets for the Pension and PBOP Plans is reflected as a component of unrecognized actuarial gains or losses, which are recorded in Regulatory Assets or Accumulated Other Comprehensive Income/(Loss). Unrecognized actuarial gains or losses are amortized as a component of pension and PBOP expense over the estimated average future employee service period.

Pension and SERP Plans: The Pension and SERP Plans are accounted for under the multiple-employer approach, with each operating company's balance sheet reflecting its share of the funded status of the plans. Although Eversource maintains marketable securities in a benefit trust, the SERP Plans do not contain any assets. For further information, see Note 5, "Marketable Securities," to the financial statements. The following table provides information on the Pension and SERP Plan benefit obligations, fair values of Pension Plan assets, and funded status:

	Pension and SERP							
	As of December 31, 2017				As of December 31, 2016			
	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
<i>(Millions of Dollars)</i>								
Change in Benefit Obligation:								
Benefit Obligation as of Beginning of Year	\$ (5,242.3)	\$ (1,170.2)	\$ (1,217.3)	\$ (572.2)	\$ (5,080.1)	\$ (1,157.6)	\$ (1,187.3)	\$ (547.6)
Plan Amendment	—	—	—	—	(9.0)	—	(2.8)	—
Employee Transfers	—	8.2	5.5	(0.7)	—	8.8	1.3	2.4
Service Cost	(71.3)	(18.5)	(15.5)	(9.7)	(75.0)	(18.8)	(16.3)	(9.9)
Interest Cost	(188.0)	(41.6)	(42.7)	(21.2)	(185.5)	(41.6)	(42.2)	(20.7)
Actuarial Loss	(548.7)	(116.9)	(143.5)	(65.1)	(151.8)	(23.9)	(37.2)	(21.5)
Benefits Paid - Pension	243.7	63.5	55.4	26.4	254.0	62.6	67.0	24.9
Benefits Paid - Lump Sum	18.4	—	6.8	—	—	—	—	—
Benefits Paid - SERP	20.4	0.3	0.3	0.3	5.1	0.3	0.2	0.2
Increase due to acquisition of Aquarion	(168.7)	—	—	—	—	—	—	—
Benefit Obligation as of End of Year	\$ (5,936.5)	\$ (1,275.2)	\$ (1,351.0)	\$ (642.2)	\$ (5,242.3)	\$ (1,170.2)	\$ (1,217.3)	\$ (572.2)
Change in Pension Plan Assets:								
Fair Value of Pension Plan Assets as of Beginning of Year	\$ 4,076.0	\$ 905.5	\$ 1,088.3	\$ 494.0	\$ 3,905.4	\$ 913.5	\$ 1,053.7	\$ 470.5
Employee Transfers	—	(8.2)	(5.5)	0.7	—	(8.8)	(1.3)	(2.4)
Employer Contributions	235.2	2.5	85.4	0.8	146.2	0.4	28.4	17.1
Actual Return on Pension Plan Assets	589.7	126.7	154.8	70.4	278.4	63.0	74.5	33.7
Benefits Paid	(243.7)	(63.5)	(55.4)	(26.4)	(254.0)	(62.6)	(67.0)	(24.9)
Benefits Paid - Lump Sum	(18.4)	—	(6.8)	—	—	—	—	—
Increase due to acquisition of Aquarion	100.7	—	—	—	—	—	—	—
Fair Value of Pension Plan Assets as of End of Year	\$ 4,739.5	\$ 963.0	\$ 1,260.8	\$ 539.5	\$ 4,076.0	\$ 905.5	\$ 1,088.3	\$ 494.0
Funded Status as of December 31st	\$ (1,197.0)	\$ (312.2)	\$ (90.2)	\$ (102.7)	\$ (1,166.3)	\$ (264.7)	\$ (129.0)	\$ (78.2)

In 2017, there was a decrease to the discount rate used to calculate the funded status of the Eversource pension liability, which resulted in an increase to Eversource's pension liability of approximately \$390 million as of December 31, 2017.

In 2016, there was a decrease in the discount rate used to calculate the funded status of the Eversource pension liability, which resulted in an increase to Eversource's pension liability of approximately \$177 million, partially offset by a revised scale for the mortality table resulting in a decrease to Eversource's pension liability of approximately \$32 million as of December 31, 2016. In December 2016, Eversource amended its pension plan to adjust the calculation of lump sum payments or annuity payments for certain employees. This amendment resulted in an increase to the liability of \$9 million as of December 31, 2016.

The pension and SERP Plans' funded status includes the current portion of the SERP liability totaling \$8.4 million and \$24.8 million as of December 31, 2017 and 2016, respectively, which is included in Other Current Liabilities on the balance sheets.

As of December 31, 2017 and 2016, the accumulated benefit obligation for the Pension and SERP Plans is as follows:

	Eversource	CL&P	NSTAR Electric	PSNH
2017	\$ 5,583.6	\$ 1,179.2	\$ 1,260.1	\$ 597.2
2016	4,829.6	1,065.2	1,124.8	518.9

The following actuarial assumptions were used in calculating the Pension and SERP Plans' year end funded status:

	Pension and SERP			
	As of December 31,			
	2017		2016	
Discount Rate	3.43%	— 3.75%	4.01%	— 4.33%
Compensation/Progression Rate	3.50%	— 4.00%	3.50%	

Pension and SERP Expense: Eversource charges net periodic pension expense to its subsidiaries based on the actual participant demographic data for each subsidiary's participants. The actual investment return in the trust is allocated to each of the subsidiaries annually in proportion to the investment return expected to be earned during the year.

Effective January 1, 2016, the Company refined its method of estimating the discount rate for the service and interest cost components of Pension expense from the yield-curve approach to the spot rate methodology, which provides a more precise measurement by matching projected cash flows to the corresponding spot rates on the yield curve. Historically, these components were estimated using the same weighted-average discount rate as for the funded status. The total pre-tax benefit of this change on Pension expense, prior to the capitalized portion and amounts deferred and recovered through rate reconciliation mechanisms, for the year ended December 31, 2016 was approximately \$46 million.

The components of net periodic benefit expense for the Pension and SERP Plans are shown below. The net periodic benefit expense and the intercompany allocations, less the capitalized portions of pension and SERP amounts, are included in Operations and Maintenance expense on the statements of income. Capitalized amounts relate to employees working on capital projects and are included in Property, Plant and Equipment, Net on the balance sheets. Pension and SERP expense reflected in the statements of cash flows for CL&P, NSTAR Electric and PSNH does not include the intercompany allocations or the corresponding capitalized portion, as these amounts are cash settled on a short-term basis.

Pension and SERP				
For the Year Ended December 31, 2017				
<i>(Millions of Dollars)</i>	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	\$ 71.3	\$ 18.5	\$ 15.5	\$ 9.7
Interest Cost	188.0	41.6	42.7	21.2
Expected Return on Pension Plan Assets	(334.1)	(71.7)	(87.6)	(40.0)
Actuarial Loss	135.2	27.7	41.1	11.6
Prior Service Cost	4.5	1.5	0.6	0.5
Total Net Periodic Benefit Expense	\$ 64.9	\$ 17.6	\$ 12.3	\$ 3.0
Intercompany Allocations	N/A	\$ 9.8	\$ 9.1	\$ 3.3
Capitalized Pension Expense	\$ 22.0	\$ 9.7	\$ 7.6	\$ 1.5
Pension and SERP				
For the Year Ended December 31, 2016				
<i>(Millions of Dollars)</i>	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	\$ 75.0	\$ 18.8	\$ 16.3	\$ 9.9
Interest Cost	185.5	41.6	42.2	20.7
Expected Return on Pension Plan Assets	(317.9)	(72.1)	(85.1)	(38.6)
Actuarial Loss	125.7	25.4	39.9	9.9
Prior Service Cost	3.6	1.5	0.3	0.5
Total Net Periodic Benefit Expense	\$ 71.9	\$ 15.2	\$ 13.6	\$ 2.4
Intercompany Allocations	N/A	\$ 13.8	\$ 11.4	\$ 4.0
Capitalized Pension Expense	\$ 22.1	\$ 9.3	\$ 8.0	\$ 1.4
Pension and SERP				
For the Year Ended December 31, 2015				
<i>(Millions of Dollars)</i>	Eversource ⁽¹⁾	CL&P	NSTAR Electric	PSNH ⁽¹⁾
Service Cost	\$ 91.4	\$ 24.7	\$ 19.2	\$ 12.1
Interest Cost	227.0	51.1	50.6	24.3
Expected Return on Pension Plan Assets	(335.9)	(78.9)	(88.9)	(40.4)
Actuarial Loss	148.5	32.2	42.2	11.6
Prior Service Cost	3.7	1.5	0.2	0.5
Total Net Periodic Benefit Expense	\$ 134.7	\$ 30.6	\$ 23.3	\$ 8.1
Intercompany Allocations	N/A	\$ 22.5	\$ 18.0	\$ 6.7
Capitalized Pension Expense	\$ 41.0	\$ 18.8	\$ 13.3	\$ 3.5

⁽¹⁾ Amounts exclude \$3.2 million for the year ended December 31, 2015 that represent amounts included in other deferred debits.

The following actuarial assumptions were used to calculate Pension and SERP expense amounts:

	Pension and SERP			
	For the Years Ended December 31,			
	2017		2016	
Discount Rate	3.20%	—	3.90%	3.27%
Expected Long-Term Rate of Return	8.25%		8.25%	8.25%
Compensation/Progression Rate	3.50%		3.50%	3.50%

The following is a summary of the changes in plan assets and benefit obligations recognized in Regulatory Assets and Other Comprehensive Income ("OCI") as well as amounts in Regulatory Assets and OCI that were reclassified as net periodic benefit expense during the years presented:

	Regulatory Assets		OCI	
	For the Years Ended December 31,			
(Millions of Dollars)	2017	2016	2017	2016
Actuarial Losses Arising During the Year	\$ 333.0	\$ 184.6	\$ 9.3	\$ 6.8
Actuarial Losses Reclassified as Net Periodic Benefit Expense	(129.5)	(119.9)	(5.7)	(5.8)
Prior Service Cost/(Credit) Arising During the Year	1.0	7.1	(0.4)	1.9
Prior Service Cost Reclassified as Net Periodic Benefit Expense	(4.1)	(3.4)	(0.4)	(0.2)

The following is a summary of the remaining Regulatory Assets and Accumulated Other Comprehensive Loss amounts that have not been recognized as components of net periodic benefit expense as of December 31, 2017 and 2016, as well as the amounts that are expected to be recognized as components in 2018:

	Regulatory Assets as of December 31,			AOCL as of December 31,		
	2017	2016	Expected 2018 Expense	2017	2016	Expected 2018 Expense
Actuarial Loss	\$ 1,935.8	\$ 1,732.3	\$ 141.8	\$ 85.7	\$ 82.1	\$ 5.8
Prior Service Cost	10.3	13.4	4.2	1.5	2.3	0.3

PBOP Plans: The PBOP Plans are accounted for under the multiple-employer approach, with each operating company's balance sheet reflecting its share of the funded status of the plans. The following table provides information on the PBOP Plan benefit obligations, fair values of plan assets, and funded status:

	PBOP							
	As of December 31,							
	2017				2016			
	Eversource	CL&P	NSTAR Electric	PSNH	Eversource	CL&P	NSTAR Electric	PSNH
Change in Benefit Obligation:								
Benefit Obligation as of Beginning of Year	\$ (810.0)	\$ (165.0)	\$ (270.0)	\$ (89.7)	\$ (1,051.4)	\$ (164.0)	\$ (447.2)	\$ (88.5)
Plan Amendment	—	—	—	—	244.0	(12.5)	193.6	(6.7)
Employee Transfers	—	2.4	1.5	0.2	—	1.3	0.5	0.3
Service Cost	(9.5)	(1.9)	(1.7)	(1.3)	(12.2)	(2.0)	(3.4)	(1.3)
Interest Cost	(27.1)	(5.3)	(8.7)	(3.0)	(32.9)	(5.3)	(13.3)	(2.9)
Actuarial Gain/(Loss)	(81.8)	(18.5)	(13.2)	(11.9)	(17.7)	3.6	(23.5)	3.6
Benefits Paid	41.5	9.9	13.5	4.6	60.2	13.9	23.3	5.8
Increase due to acquisition of Aquarion	(61.7)	—	—	—	—	—	—	—
Benefit Obligation as of End of Year	\$ (948.6)	\$ (178.4)	\$ (278.6)	\$ (101.1)	\$ (810.0)	\$ (165.0)	\$ (270.0)	\$ (89.7)
Change in Plan Assets:								
Fair Value of Plan Assets as of Beginning of Year	\$ 815.8	\$ 129.2	\$ 361.6	\$ 73.2	\$ 812.2	\$ 136.7	\$ 352.0	\$ 75.8
Employee Transfers	—	(1.5)	(0.8)	—	—	(0.8)	(0.6)	(0.2)
Actual Return on Plan Assets	118.0	18.1	52.9	10.4	51.3	7.2	24.6	3.4
Employer Contributions	7.6	—	5.3	—	12.5	—	8.9	—
Benefits Paid	(41.5)	(9.9)	(13.5)	(4.6)	(60.2)	(13.9)	(23.3)	(5.8)
Increase due to acquisition of Aquarion	22.3	—	—	—	—	—	—	—
Fair Value of Plan Assets as of End of Year	\$ 922.2	\$ 135.9	\$ 405.5	\$ 79.0	\$ 815.8	\$ 129.2	\$ 361.6	\$ 73.2
Funded Status as of December 31st	\$ (26.4)	\$ (42.5)	\$ 126.9	\$ (22.1)	\$ 5.8	\$ (35.8)	\$ 91.6	\$ (16.5)

The Eversource funded status includes a prepaid asset of \$13.1 million recorded in Other Long-Term Assets and a liability of \$39.5 million included in Accrued Pension, SERP and PBOP on the balance sheet.

As of December 31, 2017, there was a decrease in the discount rate used to calculate the funded status, as compared to the discount rate as of December 31, 2016, resulting in an increase to the Eversource PBOP liability of approximately \$64 million.

The August 2016 PBOP plan amendment resulted in a reduction to Eversource's accumulated benefit liability of approximately \$244 million. As of December 31, 2016, there was a decrease in the discount rate used to calculate the funded status, as compared to the discount rate as of December 31, 2015, resulting in an increase to the Eversource liability of approximately \$75 million, which was partially offset by a decrease of approximately \$52 million from changes in mortality and other assumptions.

The following actuarial assumptions were used in calculating the PBOP Plans' year end funded status:

	PBOP			
	As of December 31,			
	2017		2016	
Discount Rate	3.55%	—	3.70%	4.21%

For the Eversource Service PBOP Plan, effective with the plan amendment that standardized plan designs and made benefit changes in August 2016, the health care cost trend rate is no longer applicable.

PBOP Expense: Eversource charges net periodic postretirement benefits expense to its subsidiaries based on the actual participant demographic data for each subsidiary's participants. The actual investment return in the trust each year is allocated to each of the subsidiaries annually in proportion to the investment return expected to be earned during the year.

Effective January 1, 2016, the Company refined its method of estimating the discount rate for the service and interest cost components of PBOP expense from the yield-curve methodology to the spot rate methodology, which provides a more precise measurement by matching projected cash flows to the corresponding spot rates on the yield curve. Historically these components were estimated using the same weighted-average discount rate as for the funded status. The total pre-tax benefit of this change on PBOP expense, prior to the capitalized portion and amounts deferred and recovered through rate reconciliation mechanisms, for the year ended December 31, 2016 was approximately \$10 million.

The August 2016 PBOP Plan amendment resulted in a remeasurement of the benefit obligation and annual expense using assumptions at that point in time, including updated discount rates and asset values. The remeasurement resulted in a decrease in net periodic benefit costs for PBOP benefits, prior to the capitalized portion and amounts deferred and recovered through rate reconciliation mechanisms, of approximately \$10 million, which was recorded in 2016, and most of this amount will be deferred for future refund to customers.

The components of net periodic benefit expense for the PBOP Plans are shown below. The net periodic benefit expense and the intercompany allocations, less the capitalized portion of PBOP, are included in Operations and Maintenance expense on the statements of income. Capitalized PBOP amounts relate to employees working on capital projects and are included in Property, Plant and Equipment, Net on the balance sheets. PBOP expense reflected in the statements of cash flows for CL&P, NSTAR Electric and PSNH does not include the intercompany allocations or the corresponding capitalized portion, as these amounts are cash settled on a short-term basis.

	PBOP			
	For the Year Ended December 31, 2017			
	Eversource	CL&P	NSTAR Electric	PSNH
(Millions of Dollars)				
Service Cost	\$ 9.5	\$ 1.9	\$ 1.7	\$ 1.3
Interest Cost	27.1	5.3	8.7	3.0
Expected Return on Plan Assets	(63.7)	(9.7)	(28.6)	(5.5)
Actuarial Loss	9.1	1.0	3.4	0.6
Prior Service (Credit)/Cost	(21.6)	1.1	(17.0)	0.6
Total Net Periodic Benefit Expense/(Income)	\$ (39.6)	\$ (0.4)	\$ (31.8)	\$ —
Intercompany Allocations	N/A	\$ (0.7)	\$ (1.1)	\$ (0.5)
Capitalized PBOP Expense/(Income)	\$ (19.1)	\$ (0.5)	\$ (16.2)	\$ 0.2
	PBOP			
	For the Year Ended December 31, 2016			
	Eversource	CL&P	NSTAR Electric	PSNH
(Millions of Dollars)				
Service Cost	\$ 12.2	\$ 2.0	\$ 3.4	\$ 1.3
Interest Cost	32.9	5.3	13.3	2.9
Expected Return on Plan Assets	(62.9)	(10.1)	(28.1)	(5.5)
Actuarial Loss	9.0	1.5	3.3	0.7
Prior Service (Credit)/Cost	(9.1)	0.5	(7.1)	0.2
Total Net Periodic Benefit Income	\$ (17.9)	\$ (0.8)	\$ (15.2)	\$ (0.4)
Intercompany Allocations	N/A	\$ 0.3	\$ (0.1)	\$ (0.1)
Capitalized PBOP Expense/(Income)	\$ (8.0)	\$ (0.5)	\$ (6.7)	\$ 0.1

(Millions of Dollars)	PBOP			
	For the Year Ended December 31, 2015			
	Eversource	CL&P	NSTAR Electric	PSNH
Service Cost	\$ 16.3	\$ 2.1	\$ 5.8	\$ 1.4
Interest Cost	47.2	7.2	20.5	3.9
Expected Return on Plan Assets	(67.4)	(11.1)	(29.8)	(6.0)
Actuarial Loss	6.8	0.7	2.3	0.5
Prior Service Credit	(0.5)	—	(0.2)	—
Total Net Periodic Benefit Expense/(Income)	\$ 2.4	\$ (1.1)	\$ (1.4)	\$ (0.2)
Intercompany Allocations	N/A	\$ 1.9	\$ 1.1	\$ 0.4
Capitalized PBOP Expense/(Income)	\$ 0.1	\$ (0.2)	\$ (0.4)	\$ 0.2

The following actuarial assumptions were used to calculate PBOP expense amounts:

	PBOP			
	For the Years Ended December 31,			
	2017	2016	2015	
Discount Rate	3.48% — 4.64%	2.88% — 4.09%	4.22%	
Expected Long-Term Rate of Return	8.25%	8.25%	8.25%	

The health care cost trend rate assumption used to calculate the PBOP expense amount for the Eversource PBOP Plan was 6.25 percent and 6.5 percent for the years ended December 31, 2016 and 2015, respectively. Effective January 1, 2017, the health care trend rate no longer has an impact on the PBOP expense on the Eversource Service PBOP Plan due to the benefit design changes effective with the 2016 plan amendment.

The following is a summary of the changes in plan assets and benefit obligations recognized in Regulatory Assets and OCI as well as amounts recognized in Regulatory Assets and OCI that were reclassified as net periodic benefit (expense)/income during the years presented:

	Regulatory Assets		OCI	
	For the Years Ended December 31,			
(Millions of Dollars)	2017	2016	2017	2016
Actuarial Losses/(Gains) Arising During the Year	\$ 44.8	\$ 32.4	\$ 2.6	\$ (2.0)
Actuarial (Losses)/Gains Reclassified as Net Periodic Benefit (Expense)/Income	(8.6)	(9.2)	(0.5)	0.2
Prior Service (Credit)/Cost Arising During the Year	(4.0)	(247.9)	(0.1)	4.0
Prior Service Credit/(Cost) Reclassified as Net Periodic Benefit Income/(Expense)	22.3	9.7	(0.7)	(0.6)

The following is a summary of the remaining Regulatory Assets and Accumulated Other Comprehensive Loss amounts that have not been recognized as components of net periodic benefit expense as of December 31, 2017 and 2016, as well as the amounts that are expected to be recognized as components in 2018:

(Millions of Dollars)	Regulatory Assets as of December 31,			AOCL as of December 31,		
	2017	2016	Expected 2018 Expense	2017	2016	Expected 2018 Expense
Actuarial Loss	\$ 211.6	\$ 175.4	\$ 8.8	\$ 6.6	\$ 4.5	\$ 0.3
Prior Service (Credit)/Cost	(221.2)	(239.5)	(21.7)	2.6	3.4	0.2

Estimated Future Benefit Payments: The following benefit payments, which reflect expected future service, are expected to be paid by the Pension, SERP and PBOP Plans:

(Millions of Dollars)	2018	2019	2020	2021	2022	2023 - 2027
Pension and SERP	\$ 296.5	\$ 304.7	\$ 311.1	\$ 320.8	\$ 329.4	\$ 1,739.7
PBOP	56.8	57.1	57.3	57.5	57.4	279.3

Eversource Contributions: Based on the current status of the Pension Plans and federal pension funding requirements, Eversource currently expects to make contributions of approximately \$180 million in 2018, of which approximately \$82 million and \$6 million, will be contributed by CL&P and PSNH, respectively. The remaining \$92 million is expected to be contributed by other Eversource subsidiaries, primarily Eversource Service. Eversource expects to make approximately \$10 million in contributions to the PBOP Plan in 2018, of which approximately \$5 million will be contributed by NSTAR Electric.

Fair Value of Pension and PBOP Plan Assets: Pension and PBOP funds are held in external trusts. Trust assets, including accumulated earnings, must be used exclusively for Pension and PBOP payments. Eversource's investment strategy for its Pension and PBOP Plans is to maximize the long-term rates of return on these plans' assets within an acceptable level of risk. The investment strategy for each asset category includes a diversification of asset types, fund strategies and fund managers and it establishes target asset allocations that are routinely reviewed and periodically rebalanced. PBOP assets are comprised of assets held in the PBOP Plan, as well as specific assets within the Pension Plan trust (401(h) assets). The investment policy and strategy of the 401(h) assets is consistent with that of the defined benefit pension plan. Eversource's expected long-term rates of return on Pension and PBOP Plan assets are based on target asset allocation assumptions and related expected long-term rates of return. In developing its expected long-term rate of return assumptions for the Pension and PBOP Plans, Eversource evaluated input from consultants, as well as long-term inflation assumptions and historical returns. For the year ended December 31, 2017, management has assumed long-term rates of return of 8.25 percent for the Eversource Pension and PBOP Plan assets. These long-term rates of return are based on the assumed rates of return for the target asset allocations as follows:

	As of December 31,			
	2017		2016	
	Eversource Pension Plan and Tax-Exempt Assets Within PBOP Plan		Eversource Pension Plan and Tax-Exempt Assets Within PBOP Plan	
	Target Asset Allocation	Assumed Rate of Return	Target Asset Allocation	Assumed Rate of Return
Equity Securities:				
United States	21.5%	8.5%	22.0%	8.5%
International	11.0%	8.5%	13.0%	8.5%
Emerging Markets	4.5%	10.0%	5.0%	10.0%
Private Equity	15.0%	12.0%	12.0%	12.0%
Debt Securities:				
Fixed Income	11.0%	4.0%	12.0%	4.5%
Public High Yield Fixed Income	4.0%	6.5%	3.0%	7.0%
Private Debt	15.0%	9.0%	10.0%	9.0%
Emerging Markets Debt	2.0%	6.5%	5.0%	7.5%
Real Estate and Other Assets	12.0%	7.5%	10.0%	7.5%
Hedge Funds	4.0%	6.0%	8.0%	7.0%

The taxable assets within the Eversource PBOP Plan have a target asset allocation of 70 percent equity securities and 30 percent fixed income securities.

The following table presents, by asset category, the Pension and PBOP Plan assets recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

	Pension Plan							
	Fair Value Measurements as of December 31,							
	2017				2016			
	Level 1	Level 2	Uncategorized	Total	Level 1	Level 2	Uncategorized	Total
(Millions of Dollars)								
Asset Category:								
Equity Securities ⁽¹⁾	\$ 535.4	\$ —	\$ 1,653.3	\$ 2,188.7	\$ 455.5	\$ —	\$ 1,279.7	\$ 1,735.2
Private Equity	11.2	—	641.8	653.0	6.0	—	518.4	524.4
Fixed Income ⁽²⁾	56.6	215.9	1,218.3	1,490.8	—	183.0	1,099.4	1,282.4
Real Estate and Other Assets	101.6	—	374.4	476.0	77.2	—	325.9	403.1
Hedge Funds	—	—	165.5	165.5	—	—	335.0	335.0
Total	\$ 704.8	\$ 215.9	\$ 4,053.3	\$ 4,974.0	\$ 538.7	\$ 183.0	\$ 3,558.4	\$ 4,280.1
Less: 401(h) PBOP Assets ⁽³⁾				(234.5)				(204.1)
Total Pension Assets				\$ 4,739.5				\$ 4,076.0
	PBOP Plan							
	Fair Value Measurements as of December 31,							
	2017				2016			
	Level 1	Level 2	Uncategorized	Total	Level 1	Level 2	Uncategorized	Total
(Millions of Dollars)								
Asset Category:								
Equity Securities ⁽¹⁾	\$ 115.3	\$ —	\$ 241.9	\$ 357.2	\$ 88.6	\$ —	\$ 214.1	\$ 302.7
Private Equity	—	—	31.3	31.3	—	—	32.2	32.2
Fixed Income ⁽²⁾	23.4	44.0	133.9	201.3	9.5	44.8	132.3	186.6
Real Estate and Other Assets	22.4	—	29.0	51.4	15.5	—	27.5	43.0
Hedge Funds	—	—	46.5	46.5	—	—	47.2	47.2
Total	\$ 161.1	\$ 44.0	\$ 482.6	\$ 687.7	\$ 113.6	\$ 44.8	\$ 453.3	\$ 611.7
Add: 401(h) PBOP Assets ⁽³⁾				234.5				204.1
Total PBOP Assets				\$ 922.2				\$ 815.8

- (1) United States, International and Emerging Markets equity securities that are uncategorized include investments in commingled funds and hedge funds that are overlaid with equity index swaps and futures contracts.
- (2) Fixed Income investments that are uncategorized include investments in commingled funds, fixed income funds that invest in a variety of opportunistic fixed income strategies, and hedge funds that are overlaid with fixed income futures.
- (3) The assets of the Pension Plan include a 401(h) account that has been allocated to provide health and welfare postretirement benefits under the PBOP Plan.

The Company values assets based on observable inputs when available. Equity securities, exchange traded funds and futures contracts classified as Level 1 in the fair value hierarchy are priced based on the closing price on the primary exchange as of the balance sheet date.

Fixed income securities, such as government issued securities, corporate bonds and high yield bond funds, are included in Level 2 and are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The pricing models utilize observable inputs such as recent trades for the same or similar instruments, yield curves, discount margins and bond structures. Swaps are valued using pricing models that incorporate interest rates and equity and fixed income index closing prices to determine a net present value of the cash flows.

Certain investments, such as commingled funds, private equity investments, real estate funds and hedge funds are valued using the NAV as a practical expedient. These investments are structured as investment companies offering shares or units to multiple investors for the purpose of providing a return. Commingled funds are recorded at NAV provided by the asset manager, which is based on the market prices of the underlying equity securities. Hedge Funds are recorded at NAV based on the values of the underlying assets. Private Equity investments, Fixed Income partnership funds and Real Estate and Other Assets are valued using the NAV provided by the partnerships, which are based on discounted cash flows of the underlying investments, real estate appraisals or public market comparables of the underlying investments. The Company has retrospectively adopted new accounting guidance that eliminates the requirement to classify assets valued at NAV, as a practical expedient, within the fair value hierarchy. Prior to the adoption of this guidance, these investments were classified as Level 2 or Level 3 in the fair value hierarchy. The adoption of this guidance changes fair value measurement disclosures, but does not impact the methodology for valuing the investments or financial statement results.

B. Defined Contribution Plan

Eversource maintains defined contribution plans on behalf of eligible participants. The Eversource 401k Plan provides for employee and employer contributions up to statutory limits. For eligible employees, the Eversource 401k Plan provides employer matching contributions of either 100 percent up to a maximum of three percent of eligible compensation or 50 percent up to a maximum of eight percent of eligible compensation. For newly hired employees, the Eversource 401k Plan provides employer matching contributions of 100 percent up to a maximum of three percent of eligible compensation.

The Eversource 401k Plan also contains a K-Vantage feature for the benefit of eligible participants, which provides an additional annual employer contribution based on age and years of service. K-Vantage participants are not eligible to actively participate in the Eversource Pension Plan.

The total defined Eversource 401k Plan employer matching contributions, including the K-Vantage contributions, were as follows:

<i>(Millions of Dollars)</i>	Eversource		CL&P		NSTAR Electric		PSNH	
2017	\$	34.5	\$	4.6	\$	8.5	\$	3.7
2016		31.8		4.5		8.1		3.4
2015		30.4		4.8		7.3		3.4

C. Share-Based Payments

Share-based compensation awards are recorded using a fair-value based method at the date of grant. Eversource, CL&P, NSTAR Electric and PSNH record compensation expense related to these awards, as applicable, for shares issued or sold to their respective employees and officers, as well as for the allocation of costs associated with shares issued or sold to Eversource's service company employees and officers that support CL&P, NSTAR Electric and PSNH.

Eversource Incentive Plans: Eversource maintains long-term equity-based incentive plans in which Eversource, CL&P, NSTAR Electric and PSNH employees, officers and board members are eligible to participate. The incentive plans authorize Eversource to grant up to 8,000,000 new shares for various types of awards, including RSUs and performance shares, to eligible employees, officers, and board members. As of December 31, 2017 and 2016, Eversource had 2,445,110 and 2,692,350 common shares, respectively, available for issuance under these plans.

Eversource accounts for its various share-based plans as follows:

- RSUs - Eversource records compensation expense, net of estimated forfeitures, on a straight-line basis over the requisite service period based upon the fair value of Eversource's common shares at the date of grant. The par value of RSUs is reclassified to Common Stock from APIC as RSUs become issued as common shares.

- Performance Shares - Eversource records compensation expense, net of estimated forfeitures, on a straight-line basis over the requisite service period. Performance shares vest based upon the extent to which Company goals are achieved. Vesting of outstanding performance shares is based upon both the Company's EPS growth over the requisite service period and the total shareholder return as compared to the Edison Electric Institute ("EEI") Index during the requisite service period. The fair value of performance shares is determined at the date of grant using a lattice model.
- Stock Options - All outstanding stock options were exercised during 2017.

RSUs: Eversource granted RSUs under the annual long-term incentive programs that are subject to three-year graded vesting schedules for employees, and one-year graded vesting schedules, or immediate vesting, for board members. RSUs are paid in shares, reduced by amounts sufficient to satisfy withholdings for income taxes, subsequent to vesting. A summary of RSU transactions is as follows:

	RSUs (Units)	Weighted Average Grant-Date Fair Value
Outstanding as of December 31, 2016	724,270	\$ 47.86
Granted	299,285	\$ 55.97
Shares Issued	(289,635)	\$ 52.26
Forfeited	(16,881)	\$ 55.60
Outstanding as of December 31, 2017	717,039	\$ 49.29

The weighted average grant-date fair value of RSUs granted for the years ended December 31, 2017, 2016 and 2015 was \$55.97, \$54.67 and \$54.57, respectively. As of December 31, 2017 and 2016, the number and weighted average grant-date fair value of unvested RSUs was 388,269 and \$56.15 per share, and 322,158 and \$53.47 per share, respectively. During 2017, there were 306,087 RSUs at a weighted average grant-date fair value of \$52.75 per share that vested during the year and were either paid or deferred. As of December 31, 2017, 328,770 RSUs were fully vested and deferred and an additional 368,856 are expected to vest.

Performance Shares: Eversource granted performance shares under the annual long-term incentive programs that vest based upon the extent to which Company goals are achieved at the end of three-year performance measurement periods. Performance shares are paid in shares, after the performance measurement period. A summary of performance share transactions is as follows:

	Performance Shares (Units)	Weighted Average Grant-Date Fair Value
Outstanding as of December 31, 2016	522,934	\$ 51.09
Granted	180,032	\$ 55.70
Shares Issued	(173,914)	\$ 43.48
Forfeited	(18,487)	\$ 47.06
Outstanding as of December 31, 2017	510,565	\$ 55.45

The weighted average grant-date fair value of performance shares granted for the years ended December 31, 2017, 2016 and 2015 was \$55.70, \$53.64 and \$55.04, respectively. As of December 31, 2017 and 2016, the number and weighted average grant-date fair value of unvested performance shares was 331,207 and \$55.79 per share, and 301,363 and \$51.52 per share, respectively. During 2017, there were 131,308 performance shares at a weighted average grant-date fair value of \$47.12 per share that vested during the year and were either paid or deferred. As of December 31, 2017, 179,358 performance shares were fully vested and deferred.

Compensation Expense: The total compensation expense and associated future income tax benefits recognized by Eversource, CL&P, NSTAR Electric and PSNH for share-based compensation awards were as follows:

Eversource (Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Compensation Expense	\$ 19.7	\$ 23.6	\$ 23.1
Future Income Tax Benefit	8.0	9.6	9.4

(Millions of Dollars)	For the Years Ended December 31,								
	2017			2016			2015		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Compensation Expense	\$ 7.0	\$ 7.0	\$ 3.2	\$ 9.1	\$ 8.2	\$ 3.5	\$ 9.3	\$ 7.5	\$ 3.2
Future Income Tax Benefit	2.9	2.8	1.3	3.7	3.3	1.4	3.8	3.1	1.3

As of December 31, 2017, there was \$20.1 million of total unrecognized compensation expense related to nonvested share-based awards for Eversource, including \$7.3 million for CL&P, \$7.1 million for NSTAR Electric and \$3.1 million for PSNH. This cost is expected to be recognized ratably over a weighted-average period of 1.83 years for Eversource and NSTAR Electric, 1.84 years for CL&P and 1.82 years for PSNH.

An income tax rate of 40 percent was used to estimate the tax effect on total share-based payments determined under the fair-value based method for all awards. The Company generally settles fully vested RSUs and performance shares with the issuance of common shares purchased in the open market.

In 2016, the Company adopted new accounting guidance, which prospectively changed the accounting for excess tax benefits associated with the distribution of stock compensation awards and also changed the presentation of excess tax benefits on the statement of cash flows from a financing activity to an operating activity. For the years ended December 31, 2017 and 2016, the impact of the ASU was to reduce income tax expense by \$2.9 million and \$19.1 million, respectively, which increased cash flows from operating activities on the statement of cash flows. For the year ended December 31, 2015, changes in excess tax benefits totaling \$9.5 million increased cash flows from financing activities.

Stock Options: All remaining outstanding stock options under the NSTAR Incentive Plan were exercised during 2017. A summary of stock option transactions is as follows:

	Options	Weighted Average Exercise Price	Intrinsic Value (Millions)
Outstanding and Exercisable - December 31, 2016	124,640	\$ 25.84	\$ 3.7
Exercised	(124,640)	\$ 25.84	\$ 4.4
Outstanding and Exercisable - December 31, 2017	—	\$ —	\$ —

Cash received for options exercised during the year ended December 31, 2017 totaled \$3.2 million. The tax benefit realized from stock options exercised totaled \$1.8 million for the year ended December 31, 2017.

D. Other Retirement Benefits

Eversource provides retirement and other benefits for certain current and past company officers. These benefits are accounted for on an accrual basis and expensed over a period equal to the service lives of the employees. The actuarially-determined liability for these benefits, which is included in Other Long-Term Liabilities on the balance sheets, as well as the related expense included in Operations and Maintenance Expense on the income statements, are as follows:

Eversource (Millions of Dollars)	As of and For the Years Ended December 31,								
	2017			2016			2015		
Actuarially-Determined Liability	\$	53.4	\$	54.2	\$	55.2			
Other Retirement Benefits Expense		2.8		2.9		3.9			

(Millions of Dollars)	As of and For the Years Ended December 31,								
	2017			2016			2015		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Actuarially-Determined Liability	\$ 0.3	\$ 0.1	\$ 1.9	\$ 0.3	\$ 0.1	\$ 2.0	\$ 0.4	\$ 0.2	\$ 2.4
Other Retirement Benefits Expense	1.0	1.0	0.5	1.1	0.9	0.6	1.5	1.3	0.7

10. INCOME TAXES

The components of income tax expense are as follows:

Eversource (Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Current Income Taxes:			
Federal	\$ 58.9	\$ 38.9	\$ 6.2
State	31.6	53.0	45.7
Total Current	90.5	91.9	51.9
Deferred Income Taxes, Net:			
Federal	433.0	427.9	436.1
State	58.6	38.6	55.6
Total Deferred	491.6	466.5	491.7
Investment Tax Credits, Net	(3.2)	(3.4)	(3.6)
Income Tax Expense	\$ 578.9	\$ 555.0	\$ 540.0

(Millions of Dollars)	For the Years Ended December 31,								
	2017			2016			2015		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Current Income Taxes:									
Federal	\$ 50.9	\$ 107.8	\$ 18.6	\$ 27.3	\$ 86.4	\$ (13.7)	\$ 26.9	\$ 32.8	\$ (16.7)
State	17.4	25.6	6.2	13.3	39.5	8.8	15.8	21.4	6.0
Total Current	68.3	133.4	24.8	40.6	125.9	(4.9)	42.7	54.2	(10.7)
Deferred Income Taxes, Net:									
Federal	123.9	88.1	52.7	157.6	96.6	79.5	135.8	180.9	74.5
State	(4.6)	22.4	11.2	11.3	5.1	7.8	0.2	31.7	9.3
Total Deferred	119.3	110.5	63.9	168.9	101.7	87.3	136.0	212.6	83.8
Investment Tax Credits, Net	(1.0)	(1.8)	—	(1.2)	(1.8)	—	(1.3)	(1.8)	—
Income Tax Expense	\$ 186.6	\$ 242.1	\$ 88.7	\$ 208.3	\$ 225.8	\$ 82.4	\$ 177.4	\$ 265.0	\$ 73.1

A reconciliation between income tax expense and the expected tax expense at the statutory rate is as follows:

Eversource (Millions of Dollars, except percentages)	For the Years Ended December 31,		
	2017	2016	2015
Income Before Income Tax Expense	\$ 1,574.4	\$ 1,504.8	\$ 1,425.9
Statutory Federal Income Tax Expense at 35%	551.0	526.7	499.1
Tax Effect of Differences:			
Depreciation	(10.8)	(3.4)	(4.6)
Investment Tax Credit Amortization	(3.2)	(3.4)	(3.6)
Other Federal Tax Credits	—	(3.5)	(3.8)
State Income Taxes, Net of Federal Impact	47.7	56.2	61.1
Dividends on ESOP	(8.4)	(8.4)	(8.1)
Tax Asset Valuation Allowance/Reserve Adjustments	7.0	3.3	4.7
Excess Stock Benefit ⁽¹⁾	(2.9)	(19.1)	—
Other, Net	(1.5)	6.6	(4.8)
Income Tax Expense	\$ 578.9	\$ 555.0	\$ 540.0
Effective Tax Rate	36.8%	36.9%	37.9%

(Millions of Dollars, except percentages)	For the Years Ended December 31,								
	2017			2016			2015		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Income Before Income Tax Expense	\$ 563.4	\$ 616.8	\$ 224.7	\$ 542.6	\$ 576.6	\$ 214.3	\$ 476.8	\$ 666.1	\$ 187.5
Statutory Federal Income Tax Expense at 35%	197.2	215.9	78.6	189.9	201.8	75.0	166.9	233.1	65.6
Tax Effect of Differences:									
Depreciation	(5.2)	(3.0)	1.1	1.6	(3.1)	1.0	(1.7)	(1.7)	0.5
Investment Tax Credit Amortization	(1.0)	(1.8)	—	(1.2)	(1.8)	—	(1.3)	(1.8)	—
Other Federal Tax Credits	—	—	—	—	—	(3.5)	—	—	(3.8)
State Income Taxes, Net of Federal Impact	4.5	31.2	11.3	14.5	29.0	10.8	9.2	34.5	9.9
Tax Asset Valuation Allowance/Reserve Adjustments	(9.5)	—	—	1.5	—	—	1.2	—	—
Excess Stock Benefit ⁽¹⁾	(0.7)	(0.7)	(0.3)	(0.9)	(1.2)	(0.4)	—	—	—
Other, Net	1.3	0.5	(2.0)	2.9	1.1	(0.5)	3.1	0.9	0.9
Income Tax Expense	\$ 186.6	\$ 242.1	\$ 88.7	\$ 208.3	\$ 225.8	\$ 82.4	\$ 177.4	\$ 265.0	\$ 73.1
Effective Tax Rate	33.1%	39.2%	39.5%	38.4%	39.2%	38.4%	37.2%	39.8%	39.0%

⁽¹⁾ In 2016, the Company adopted new accounting guidance, which prospectively changed the accounting for excess tax benefits associated with the distribution of stock compensation awards, previously recognized in Capital Surplus, Paid In within Common Shareholders' Equity on the balance sheet, to recognition within income tax expense in the income statement. See Note 1D, "Summary of Significant Accounting Policies - Accounting Standards," for further information.

Eversource, CL&P, NSTAR Electric and PSNH file a consolidated federal income tax return and unitary, combined and separate state income tax returns. These entities are also parties to a tax allocation agreement under which taxable subsidiaries do not pay any more taxes than they would have otherwise paid had they filed a separate company tax return, and subsidiaries generating tax losses, if any, are paid for their losses when utilized.

Deferred tax assets and liabilities are recognized for the future tax effects of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The tax effect of temporary differences is accounted for in accordance with the rate-making treatment of the applicable regulatory commissions and relevant accounting authoritative literature. The tax effects of temporary differences that give rise to the net accumulated deferred income tax obligations are as follows:

Eversource (Millions of Dollars)	As of December 31,	
	2017	2016
Deferred Tax Assets:		
Employee Benefits	\$ 442.1	\$ 640.6
Derivative Liabilities	111.8	192.6
Regulatory Deferrals - Liabilities	205.6	290.9
Allowance for Uncollectible Accounts	50.1	76.6
Tax Effect - Tax Regulatory Liabilities	832.6	11.8
Federal Net Operating Loss Carryforwards	47.8	—
Purchase Accounting Adjustment	69.9	112.2
Other	149.5	170.5
Total Deferred Tax Assets	1,909.4	1,495.2
Less: Valuation Allowance	14.6	5.1
Net Deferred Tax Assets	\$ 1,894.8	\$ 1,490.1
Deferred Tax Liabilities:		
Accelerated Depreciation and Other Plant-Related Differences	\$ 3,562.0	\$ 5,001.2
Property Tax Accruals	56.7	81.9
Regulatory Amounts:		
Regulatory Deferrals - Assets	924.9	1,321.8
Tax Effect - Tax Regulatory Assets	243.1	252.6
Goodwill Regulatory Asset - 1999 Merger	99.8	186.7
Derivative Assets	17.4	29.5
Other	288.4	223.6
Total Deferred Tax Liabilities	\$ 5,192.3	\$ 7,097.3

(Millions of Dollars)	As of December 31,					
	2017			2016		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Deferred Tax Assets:						
Employee Benefits	\$ 112.3	\$ 34.0	\$ 38.0	\$ 138.8	\$ 69.5	\$ 46.5
Derivative Liabilities	110.5	0.3	—	191.5	1.1	—
Regulatory Deferrals - Liabilities	12.0	139.8	17.9	6.3	194.9	36.7
Allowance for Uncollectible Accounts	20.6	17.3	2.9	33.0	25.7	4.1
Tax Effect - Tax Regulatory Liabilities	337.2	281.2	116.8	4.9	3.3	2.6
Other	70.7	4.9	49.6	59.4	6.6	56.4
Total Deferred Tax Assets	663.3	477.5	225.2	433.9	301.1	146.3
Less: Valuation Allowance	6.3	—	—	4.5	—	—
Net Deferred Tax Assets	\$ 657.0	\$ 477.5	\$ 225.2	\$ 429.4	\$ 301.1	\$ 146.3
Deferred Tax Liabilities:						
Accelerated Depreciation and Other Plant-Related Differences	\$ 1,224.9	\$ 1,229.2	\$ 502.5	\$ 1,700.3	\$ 1,901.9	\$ 726.3
Property Tax Accruals	20.7	24.2	5.5	29.7	36.8	8.0
Regulatory Amounts:						
Regulatory Deferrals - Assets	310.6	267.1	103.6	473.4	381.7	142.1
Tax Effect - Tax Regulatory Assets	173.1	9.8	11.4	170.4	44.8	12.2
Goodwill Regulatory Asset - 1999 Merger	—	85.7	—	—	160.3	—
Derivative Assets	17.4	—	—	27.0	—	—
Other	13.7	137.3	45.7	16.3	102.7	43.1
Total Deferred Tax Liabilities	\$ 1,760.4	\$ 1,753.3	\$ 668.7	\$ 2,417.1	\$ 2,628.2	\$ 931.7

2017 Federal Legislation: On December 22, 2017, the "Tax Cuts and Jobs Act" (the "Act") became law, which amended existing federal tax rules and included numerous provisions that impacted corporations. In particular, the Act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent effective January 1, 2018. In terms of the impacts to the regulated companies, the most significant changes will be (1) the benefit of incurring a lower federal income tax expense, which we expect to be passed back to customers, and (2) the provisional regulated excess ADIT liabilities that we expect to benefit customers in future periods, which were estimated to be approximately \$2.9 billion (approximately \$1.0 billion at CL&P, \$1.1 billion at NSTAR Electric and \$0.4 billion at PSNH) as of December 31, 2017 and recognized as regulatory liabilities on the balance sheet.

The Eversource regulated companies are currently working with their applicable state regulatory commissions, who have opened investigations to examine the impact of the Act on customer rates. FERC has yet to address how the Act would impact transmission rates. Eversource, CL&P, NSTAR Electric, and PSNH will continue to evaluate the impacts of the Act, which will vary depending on the ultimate amount and timing of when certain income tax benefits will benefit customers, and will vary by jurisdiction.

Although the impacts could not be finalized upon the issuance of this combined Annual Report on Form 10-K, reasonable provisional estimates were recognized as of December 31, 2017. In accordance with SEC Staff Accounting Bulletin No. 118 ("SAB 118"), additional re-measurement may occur based on final analysis, computations, technical corrections, or other forms of guidance issued from regulatory agencies or commissions. While the Company believes the impacts of the Act were appropriately accounted for in accordance with the applicable authoritative guidance, the ultimate outcome may be different from the provisional estimates recorded, and those differences may materially impact its future statement of financial position, results of operations, and cash flows.

Carryforwards: The following tables provide the amounts and expiration dates of state tax credit and loss carryforwards and federal tax credit and net operating loss carryforwards:

As of December 31, 2017					
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Expiration Range
Federal Net Operating Loss	\$ 197.3	\$ —	\$ —	\$ —	2027-2037
Federal Charitable Contribution	18.7	—	—	—	2017-2022
State Net Operating Loss	82.8	—	—	—	2028-2037
State Tax Credit	139.0	94.5	—	—	2017-2022
State Charitable Contribution	31.4	—	—	—	2017-2022

As of December 31, 2016					
(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH	Expiration Range
Federal Tax Credit	8.6	—	—	—	—
Federal Charitable Contribution	27.8	—	—	—	2016 - 2019
State Tax Credit	111.1	80.5	—	—	2016 - 2021
State Charitable Contribution	36.5	—	—	—	2016 - 2020

In 2017, the company increased its valuation allowance reserve for state credits by \$9.9 million (\$1.8 million for CL&P), net of tax, to reflect and update for expired tax credits. In 2016, the Company increased its valuation allowance reserve for state credits by \$1.3 million (\$1.3 million for CL&P), net of tax, to reflect an update for expired tax credits.

For 2017 and 2016, state credit and state loss carryforwards have been partially reserved by a valuation allowance of \$14.4 million and \$4.5 million (net of tax), respectively.

Unrecognized Tax Benefits: A reconciliation of the activity in unrecognized tax benefits, all of which would impact the effective tax rate if recognized, is as follows:

(Millions of Dollars)	Eversource	CL&P
Balance as of January 1, 2015	\$ 46.2	\$ 14.3
Gross Increases - Current Year	9.9	2.6
Gross Increases - Prior Year	0.1	—
Lapse of Statute of Limitations	(8.2)	(3.4)
Balance as of December 31, 2015	48.0	13.5
Gross Increases - Current Year	9.9	3.9
Gross Increases - Prior Year	0.2	0.2
Lapse of Statute of Limitations	(9.7)	(2.3)
Balance as of December 31, 2016	48.4	15.3
Gross Increases - Current Year	11.4	4.7
Gross Decreases - Prior Year	(0.9)	(0.5)
Lapse of Statute of Limitations	(7.2)	(1.4)
Balance as of December 31, 2017	\$ 51.7	\$ 18.1

Interest and Penalties: Interest on uncertain tax positions is recorded and generally classified as a component of Other Interest Expense on the statements of income. However, when resolution of uncertainties results in the Company receiving interest income, any related interest benefit is recorded in Other Income, Net on the statements of income. No penalties have been recorded. The amount of interest expense/(income) on uncertain tax positions recognized and the related accrued interest payable/(receivable) are as follows:

(Millions of Dollars)	Other Interest Expense/(Income)			Accrued Interest Expense	
	For the Years Ended December 31,			As of December 31,	
	2017	2016	2015	2017	2016
Eversource	\$ —	\$ (0.2)	\$ 0.1	\$ 1.8	\$ 1.8

Tax Positions: During 2017 and 2016, Eversource did not resolve any of its uncertain tax positions.

Open Tax Years: The following table summarizes Eversource, CL&P, NSTAR Electric and PSNH's tax years that remain subject to examination by major tax jurisdictions as of December 31, 2017:

Description	Tax Years
Federal	2017
Connecticut	2014 - 2017
Massachusetts	2014 - 2017
New Hampshire	2015 - 2017

Eversource estimates that during the next twelve months, differences of a non-timing nature could be resolved, resulting in a zero to \$2.2 million decrease in unrecognized tax benefits by Eversource. These estimated changes are not expected to have a material impact on the earnings of Eversource. Other companies' impacts are not expected to be material.

11. COMMITMENTS AND CONTINGENCIES

A. Environmental Matters

General: Eversource, CL&P, NSTAR Electric and PSNH are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. Eversource, CL&P, NSTAR Electric and PSNH have an active environmental auditing and training program and each believes it is substantially in compliance with all enacted laws and regulations.

Environmental reserves are accrued when assessments indicate it is probable that a liability has been incurred and an amount can be reasonably estimated. The approach used estimates the liability based on the most likely action plan from a variety of available remediation options, including no action required or several different remedies ranging from establishing institutional controls to full site remediation and monitoring. These liabilities are estimated on an undiscounted basis and do not assume that the amounts are recoverable from insurance companies or other third parties. The environmental reserves include sites at different stages of discovery and remediation and do not include any unasserted claims.

These reserve estimates are subjective in nature as they take into consideration several different remediation options at each specific site. The reliability and precision of these estimates can be affected by several factors, including new information concerning either the level of contamination at the site, the extent of Eversource's, CL&P's, NSTAR Electric's and PSNH's responsibility for remediation or the extent of remediation required, recently enacted laws and regulations or changes in cost estimates due to certain economic factors. It is possible that new information or future developments could require a reassessment of the potential exposure to related environmental matters. As this information becomes available, management will continue to assess the potential exposure and adjust the reserves accordingly.

The amounts recorded as environmental reserves are included in Other Current Liabilities and Other Long-Term Liabilities on the balance sheets and represent management's best estimate of the liability for environmental costs, and take into consideration site assessment, remediation and long-term monitoring costs. The environmental reserves also take into account recurring costs of managing hazardous substances and pollutants, mandated expenditures to remediate contaminated sites and any other infrequent and non-recurring clean-up costs. A reconciliation of the activity in the environmental reserves is as follows:

<i>(Millions of Dollars)</i>	Eversource	CL&P	NSTAR Electric	PSNH
Balance as of January 1, 2016	\$ 51.1	\$ 4.6	\$ 3.0	\$ 4.5
Additions	20.6	0.6	1.8	1.2
Payments/Reductions	(5.9)	(0.3)	(1.0)	(0.4)
Balance as of December 31, 2016	65.8	4.9	3.8	5.3
Additions	6.2	0.5	1.8	1.0
Payments/Reductions	(17.1)	(0.7)	(2.9)	(0.6)
Balance as of December 31, 2017	\$ 54.9	\$ 4.7	\$ 2.7	\$ 5.7

The number of environmental sites and related reserves for which remediation or long-term monitoring, preliminary site work or site assessment is being performed are as follows:

	As of December 31, 2017		As of December 31, 2016	
	Number of Sites	Reserve (in millions)	Number of Sites	Reserve (in millions)
Eversource	59	\$ 54.9	61	\$ 65.8
CL&P	14	4.7	14	4.9
NSTAR Electric	15	2.7	17	3.8
PSNH	10	5.7	11	5.3

Included in the Eversource number of sites and reserve amounts above are former MGP sites that were operated several decades ago and manufactured gas from coal and other processes, which resulted in certain by-products remaining in the environment that may pose a potential risk to human health and the environment, for which Eversource may have potential liability. The reserve balances related to these former MGP sites were \$49.0 million and \$59.0 million as of December 31, 2017 and 2016, respectively, and related primarily to the natural gas business segment. The reduction in the reserve balance at the MGP sites was primarily due to a change in cost estimates at one site where actual contamination was less than originally estimated.

As of December 31, 2017, for 8 environmental sites (3 for CL&P, 1 for NSTAR Electric) that are included in the Company's reserve for environmental costs, the information known and the nature of the remediation options allow for the Company to estimate the range of losses for environmental costs. As of December 31, 2017, \$25.4 million (including \$1.8 million for CL&P and \$0.3 million for NSTAR Electric) had been accrued as a liability for these sites, which represents the low end of the range of the liabilities for environmental costs. Management believes that additional losses of up to approximately \$20 million (\$1 million at CL&P) may be incurred in executing current remediation plans for these sites.

As of December 31, 2017, for 10 environmental sites (3 for CL&P) that are included in the Company's reserve for environmental costs, management cannot reasonably estimate the exposure to loss in excess of the reserve, or range of loss, as these sites are under investigation and/or there is significant uncertainty as to what remedial actions, if any, the Company may be required to undertake. As of December 31, 2017, \$12.3 million (including \$1.8 million for CL&P) had been accrued as a liability for these sites. As of December 31, 2017, for the remaining 41 environmental sites (including 8 for CL&P, 14 for NSTAR Electric and 10 for PSNH) that are included in the Company's reserve for environmental costs, the \$17.2 million accrual (including \$1.1 million for CL&P, \$2.4 million for NSTAR Electric and \$5.7 million for PSNH) represents management's best estimate of the probable liability and no additional loss is anticipated at this time.

CERCLA: Of the total environmental sites, nine sites (four for NSTAR Electric and three for PSNH) are superfund sites under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) and its amendments or state equivalents for which the Company has been notified that it is a potentially responsible party but for which the site assessment and remediation are not being managed by the Company. As of December 31, 2017, a liability of \$0.9 million accrued on these sites represents management's best estimate of its potential remediation costs with respect to these superfund sites.

Environmental Rate Recovery: PSNH, NSTAR Gas and Yankee Gas have rate recovery mechanisms for MGP related environmental costs, therefore, changes in their respective environmental reserves do not impact Net Income. CL&P recovers a certain level of environmental costs currently in rates. CL&P and NSTAR Electric do not have a separate environmental cost recovery regulatory mechanism.

B. Long-Term Contractual Arrangements

Estimated Future Annual Costs: The estimated future annual costs of significant long-term contractual arrangements as of December 31, 2017 are as follows:

Eversource

(Millions of Dollars)	2018	2019	2020	2021	2022	Thereafter	Total
Supply and Stranded Cost	\$ 81.7	\$ 69.3	\$ 74.6	\$ 68.8	\$ 63.7	\$ 144.3	\$ 502.4
Renewable Energy	242.9	242.5	241.7	232.2	224.5	1,665.7	2,849.5
Peaker CfDs	26.1	24.2	34.0	32.3	23.4	53.3	193.3
Natural Gas Procurement	225.5	219.2	169.3	148.7	131.4	989.6	1,883.7
Transmission Support Commitments	22.8	23.0	23.2	15.2	16.5	16.5	117.2
Total	\$ 599.0	\$ 578.2	\$ 542.8	\$ 497.2	\$ 459.5	\$ 2,869.4	\$ 5,546.1

CL&P

(Millions of Dollars)	2018	2019	2020	2021	2022	Thereafter	Total
Supply and Stranded Cost	\$ 58.7	\$ 56.7	\$ 69.5	\$ 63.7	\$ 59.1	\$ 121.6	\$ 429.3
Renewable Energy	84.1	85.4	85.5	85.8	86.6	655.5	1,082.9
Peaker CfDs	26.1	24.2	34.0	32.3	23.4	53.3	193.3
Transmission Support Commitments	9.0	9.1	9.2	6.0	6.5	6.5	46.3
Total	\$ 177.9	\$ 175.4	\$ 198.2	\$ 187.8	\$ 175.6	\$ 836.9	\$ 1,751.8

NSTAR Electric

(Millions of Dollars)	2018	2019	2020	2021	2022	Thereafter	Total
Supply and Stranded Cost	\$ 5.5	\$ 5.5	\$ 3.1	\$ 3.1	\$ 3.1	\$ 22.0	\$ 42.3
Renewable Energy	96.1	94.3	92.6	88.2	88.4	489.4	949.0
Transmission Support Commitments	9.0	9.0	9.1	6.0	6.5	6.5	46.1
Total	\$ 110.6	\$ 108.8	\$ 104.8	\$ 97.3	\$ 98.0	\$ 517.9	\$ 1,037.4

PSNH

(Millions of Dollars)	2018	2019	2020	2021	2022	Thereafter	Total
Supply and Stranded Cost	\$ 17.5	\$ 7.1	\$ 2.0	\$ 2.0	\$ 1.5	\$ 0.7	\$ 30.8
Renewable Energy	62.7	62.8	63.6	58.2	49.5	520.8	817.6
Transmission Support Commitments	4.8	4.9	4.9	3.2	3.5	3.5	24.8
Total	\$ 85.0	\$ 74.8	\$ 70.5	\$ 63.4	\$ 54.5	\$ 525.0	\$ 873.2

Supply and Stranded Cost: CL&P, NSTAR Electric and PSNH have various IPP contracts or purchase obligations for electricity, including payment obligations resulting from the buydown of electricity purchase contracts. Such contracts extend through 2024 for CL&P, 2031 for NSTAR Electric and 2023 for PSNH.

In addition, CL&P, along with UI, has four capacity CfDs for a total of approximately 787 MW of capacity consisting of three generation units and one demand response project.

The capacity CfDs extend through 2026 and obligate both CL&P and UI to make or receive payments on a monthly basis to or from the generation facilities based on the difference between a set contractual capacity price and the capacity market prices received by the generation facilities in the ISO-NE capacity markets. CL&P has a sharing agreement with UI, whereby UI shares 20 percent of the costs and benefits of these contracts. CL&P's portion of the costs and benefits of these contracts will be paid by or refunded to CL&P's customers.

The contractual obligations table above does not include CL&P's or NSTAR Electric's default service contracts, the amounts of which vary with customers' energy needs. The contractual obligations table also does not include PSNH's short-term power supply management.

Renewable Energy: Renewable energy contracts include non-cancellable commitments under contracts of CL&P, NSTAR Electric and PSNH for the purchase of energy and capacity from renewable energy facilities. Such contracts extend through 2038 for CL&P, 2031 for NSTAR Electric and 2033 for PSNH.

The contractual obligations table above does not include long-term commitments signed by CL&P and NSTAR Electric, as required by the PURA and DPU, for the purchase of renewable energy and related products that are contingent on the future construction of energy facilities.

Peaker CfDs: In 2008, CL&P entered into three CfDs with developers of peaking generation units approved by PURA (Peaker CfDs). These units have a total of approximately 500 MW of peaking capacity. As directed by PURA, CL&P and UI have entered into a sharing agreement, whereby CL&P is responsible for 80 percent and UI for 20 percent of the net costs or benefits of these CfDs. The Peaker CfDs pay the generation facility owner the difference between capacity, forward reserve and energy market revenues and a cost-of-service payment stream for 30 years. The ultimate cost or benefit to CL&P under these contracts will depend on the costs of plant operation and the prices that the projects receive for capacity and other products in the ISO-NE markets. CL&P's portion of the amounts paid or received under the Peaker CfDs will be recoverable from or refunded to CL&P's customers.

Natural Gas Procurement: In the normal course of business, Eversource's natural gas distribution businesses have long-term contracts for the purchase, transportation and storage of natural gas as part of its portfolio of supplies. These contracts extend through 2032.

Coal, Wood and Other: PSNH has entered into various arrangements for the purchase of coal, wood and the transportation services for fuel supply for its electric generating assets. On January 10, 2018, Eversource and PSNH completed the sale of PSNH's thermal generation assets, at which time, remaining future contractual obligations were transferred to the buyer. See Note 12, "Assets Held for Sale," for further information.

Transmission Support Commitments: Along with other New England utilities, CL&P, NSTAR Electric and PSNH entered into agreements in 1985 to support transmission and terminal facilities that were built to import electricity from the Hydro-Québec system in Canada. CL&P, NSTAR Electric and PSNH are obligated to pay, over a 30-year period ending in 2020, their proportionate shares of the annual operation and maintenance expenses and capital costs of those facilities.

The total costs incurred under these agreements were as follows:

Eversource (Millions of Dollars)	For the Years Ended December 31,		
	2017	2016	2015
Supply and Stranded Cost	\$ 103.9	\$ 152.5	\$ 147.6
Renewable Energy	235.5	210.9	144.3
Peaker CfDs	38.7	47.7	42.7
Natural Gas Procurement	377.0	323.9	428.6
Coal, Wood and Other	47.7	55.7	95.9
Transmission Support Commitments	19.8	15.9	25.3

(Millions of Dollars)	For the Years Ended December 31,								
	2017			2016			2015		
	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH	CL&P	NSTAR Electric	PSNH
Supply and Stranded Cost	\$ 81.0	\$ 4.0	\$ 18.9	\$ 132.7	\$ 0.7	\$ 19.1	\$ 120.3	\$ 6.5	\$ 20.8
Renewable Energy	51.0	123.7	60.8	42.1	101.1	67.7	20.0	87.1	37.2
Peaker CfDs	38.7	—	—	47.7	—	—	42.7	—	—
Coal, Wood and Other	—	—	47.7	—	—	55.7	—	—	95.9
Transmission Support Commitments	7.8	7.8	4.2	6.3	6.2	3.4	10.0	9.9	5.4

C. Spent Nuclear Fuel Obligations - Yankee Companies

CL&P, NSTAR Electric and PSNH have plant closure and fuel storage cost obligations to the Yankee Companies, which have each completed the physical decommissioning of their respective nuclear facilities and are now engaged in the long-term storage of their spent fuel. The Yankee Companies collect these costs through wholesale, FERC-approved rates charged under power purchase agreements with several New England utilities, including CL&P, NSTAR Electric and PSNH. These companies in turn recover these costs from their customers through state regulatory commission-approved retail rates. The Yankee Companies have collected or are currently collecting amounts that management believes are adequate to recover the remaining plant closure and fuel storage cost estimates for the respective plants. Management believes CL&P and NSTAR Electric will recover their shares of these obligations from their customers. PSNH has recovered its total share of these costs from its customers.

Spent Nuclear Fuel Litigation:

The Yankee Companies have filed complaints against the DOE in the Court of Federal Claims seeking monetary damages resulting from the DOE's failure to provide for a permanent facility to store spent nuclear fuel pursuant to the terms of the 1983 spent fuel and high level waste disposal contracts between the Yankee Companies and the DOE. The court had previously awarded the Yankee Companies damages for Phase I, II and III of litigation resulting from the DOE's failure to meet its contractual obligations. These Phases covered damages incurred in the years 1998 through 2012, and the awarded damages have been received by the Yankee Companies with certain amounts of the damages refunded to their customers.

DOE Phase III Damages - In August 2013, the Yankee Companies each filed subsequent lawsuits against the DOE seeking recovery of actual damages incurred in the years 2009 through 2012 ("DOE Phase III"). On March 25, 2016, the court issued its decision and awarded CYAPC, YAEC and MYAPC damages of \$32.6 million, \$19.6 million and \$24.6 million, respectively. In total, the Yankee Companies were awarded \$76.8 million of the \$77.9 million in damages sought in DOE Phase III. The decision became final on July 18, 2016, and the Yankee Companies received the awards from the DOE on October 14, 2016. The Yankee Companies received FERC approval of their proposed distribution of certain amounts of the awarded damages proceeds to member companies, including CL&P, NSTAR Electric and PSNH, which CYAPC and MYAPC made in December 2016. MYAPC also refunded \$56.5 million from its spent nuclear fuel trust, a portion of which was also refunded to the Eversource utility subsidiaries. In total, Eversource received \$26.1 million, of which CL&P, NSTAR Electric and PSNH received \$13.6 million, \$8.6 million and \$3.9 million, respectively. These amounts have been refunded to the customers of the respective Eversource utility subsidiaries.

DOE Phase IV Damages - On May 22, 2017, each of the Yankee Companies filed subsequent lawsuits against the DOE in the Court of Federal Claims seeking monetary damages totaling approximately \$100 million for CYAPC, YAEC and MYAPC, resulting from the DOE's failure to begin accepting spent nuclear fuel for disposal covering the years from 2013 to 2016 ("DOE Phase IV"). The DOE Phase IV trial is expected to begin in 2018.

D. Guarantees and Indemnifications

In the normal course of business, Eversource parent provides credit assurances on behalf of its subsidiaries, including CL&P, NSTAR Electric and PSNH, in the form of guarantees.

Eversource parent issued a guaranty on behalf of its subsidiary, NPT, under which, beginning at the time the Northern Pass Transmission line goes into commercial operation, Eversource parent will guarantee the financial obligations of NPT under the TSA with HQ in an amount not to exceed \$25 million. Eversource parent's obligations under the guaranty expire upon the full, final and indefeasible payment of the guaranteed obligations. Eversource parent has also entered into a guaranty on behalf of NPT under which Eversource parent will guarantee NPT's obligations under a facility with a financial institution pursuant to which NPT may request letters of credit in an aggregate amount of up to approximately \$14 million.

Eversource parent has also guaranteed certain indemnification and other obligations as a result of the sales of former unregulated subsidiaries and the termination of an unregulated business, with maximum exposures either not specified or not material.

Management does not anticipate a material impact to net income or cash flows as a result of these various guarantees and indemnifications. The following table summarizes Eversource parent's exposure to guarantees and indemnifications of its subsidiaries to external parties, as of December 31, 2017:

Company	Description	Maximum Exposure (in millions)	Expiration Dates
<u>On behalf of subsidiaries:</u>			
Eversource Gas Transmission LLC	Access Northeast Project Capital Contributions Guaranty ⁽¹⁾	\$ 185.1	2021
Various	Surety Bonds ⁽²⁾	40.4	2018
Eversource Service and Rocky River Realty Company	Lease Payments for Vehicles and Real Estate	7.8	2019 - 2024

(1) Eversource parent issued a declining balance guaranty on behalf of its subsidiary, Eversource Gas Transmission LLC, to guarantee the payment of the subsidiary's capital contributions for its investment in the Access Northeast project. The guaranty decreases as capital contributions are made. The guaranty will expire upon the earlier of the full performance of the guaranteed obligations or December 31, 2021.

(2) Surety bond expiration dates reflect termination dates, the majority of which will be renewed or extended. Certain surety bonds contain credit ratings triggers that would require Eversource parent to post collateral in the event that the unsecured debt credit ratings of Eversource parent are downgraded.

Aquarion has a \$0.9 million letter of credit relating to an insurance program, which expires on December 31, 2018 and includes annual automatic renewals. As of December 31, 2017, and 2016, there were no amounts outstanding under the letter of credit. Aquarion also guarantees surety bonds with a maximum exposure of \$1.2 million related to ongoing operations with expiration dates ranging through 2018, the majority of which will be renewed or extended.

E. FERC ROE Complaints

Four separate complaints have been filed at the FERC by combinations of New England state attorneys general, state regulatory commissions, consumer advocates, consumer groups, municipal parties and other parties (collectively the "Complainants"). In each of the first three complaints, the Complainants challenged the NETOs' base ROE of 11.14 percent that had been utilized since 2005 and sought an order to reduce it prospectively from the date of the final FERC order and for the separate 15-month complaint periods. In the fourth complaint, filed April 29, 2016, the Complainants challenged the NETOs' base ROE of 10.57 percent and the maximum ROE for transmission incentive ("incentive cap") of 11.74 percent, asserting that these ROEs were unjust and unreasonable.

In response to appeals of the FERC decision in the first complaint filed by the NETOs and the Complainants, the U.S. Court of Appeals for the D.C. Circuit (the "Court") issued a decision on April 14, 2017 vacating and remanding the FERC's decision. The Court found that the FERC failed to make an explicit finding that the 11.14 percent base ROE was unjust and unreasonable, as required under Section 206 of the Federal Power Act, before it set a new base ROE. The Court also found that the FERC did not provide a rational connection between the record evidence and its decision to select the midpoint of the upper half of the zone of reasonableness for the new base ROE.

Hearings on the fourth complaint were held in December 2017 before the Administrative Law Judge ("ALJ"), who is expected to issue an initial decision in March 2018.

A summary of the four separate complaints and the base ROEs pertinent to those complaints are as follows:

Complaint	15-Month Time Period of Complaint (Beginning as of Complaint Filing Date)	Original Base ROE Authorized by FERC at Time of Complaint Filing Date ⁽¹⁾	Base ROE Subsequently Authorized by FERC for First Complaint Period and also Effective from October 16, 2014 through April 14, 2017 ⁽¹⁾	Reserve (Pre-Tax and Excluding Interest) as of December 31, 2017 (in millions)	FERC ALJ Recommendation of Base ROE on Second and Third Complaints (Issued March 22, 2016)
First	10/1/2011 - 12/31/2012	11.14%	10.57%	\$— ⁽²⁾	N/A
Second	12/27/2012 - 3/26/2014	11.14%	N/A	39.1 ⁽³⁾	9.59%
Third	7/31/2014 - 10/30/2015	11.14%	10.57%	—	10.90%
Fourth	4/29/2016 - 7/28/2017	10.57%	10.57%	—	N/A

⁽¹⁾ The ROE billed during the period October 1, 2011 through October 15, 2014 consisted of a base ROE of 11.14 percent and incentives up to 13.1 percent. On October 16, 2014, the FERC set the base ROE at 10.57 percent and an incentive cap at 11.74 percent for the first complaint period and also effective from the date of the FERC order on October 16, 2014. This FERC order was vacated on April 14, 2017.

⁽²⁾ CL&P, NSTAR Electric and PSNH have refunded all amounts associated with the first complaint period, totaling \$38.9 million (pre-tax and excluding interest) at Eversource (consisting of \$22.4 million at CL&P, \$13.7 million at NSTAR Electric and \$2.8 million at PSNH), reflecting both the base ROE and incentive cap prescribed by the FERC order.

⁽³⁾ The reserve represents the difference between the billed rates during the second complaint period and a 10.57 percent base ROE and 11.74 percent incentive cap. The reserve consisted of \$21.4 million for CL&P, \$14.6 million for NSTAR Electric and \$3.1 million for PSNH as of December 31, 2017.

On June 5, 2017, the NETOs, including Eversource, submitted a filing to the FERC to reinstate the base ROE of 11.14 percent with an associated ROE incentive cap of 13.5 percent effective June 8, 2017, as these were the last ROEs lawfully in effect for transmission billing purposes prior to the FERC order vacated by the Court on April 14, 2017. On October 6, 2017, the FERC did not accept the NETOs filing, temporarily leaving in place the ROEs (10.57 percent base ROE with an 11.74 percent incentive cap ROE) set in the first complaint proceeding until the FERC addresses the Court's decision. On November 6, 2017, the NETOs submitted a request for rehearing of the FERC's October 6, 2017 Order rejecting the compliance filing.

On October 5, 2017, the NETOs filed a series of motions, requesting that the FERC dismiss the four complaint proceedings. Alternatively, if the FERC does not dismiss the proceedings, the NETOs requested that the FERC consolidate all four complaint proceedings for expeditious resolution and/or stay the trial in the fourth complaint proceeding and resolve it based on the standards set in the April 14, 2017 Court decision.

At this time, the Company cannot reasonably estimate a range of gain or loss for the complaint proceedings. No events in 2017 provided a reasonable basis for a change to the reserve balance of \$39.1 million (pre-tax, excluding interest) for the second complaint period, and the Company has not changed its reserve or recognized ROEs for any of the complaint periods.

Management cannot at this time predict the ultimate effect of the Court decision or future FERC action on any of the complaint periods or the estimated impacts on the financial position, results of operations or cash flows of Eversource, CL&P, NSTAR Electric or PSNH.

The average impact of a 10 basis point change to the base ROE for each of the 15-month complaint periods would affect Eversource's after-tax earnings by approximately \$3 million.

F. Eversource and NSTAR Electric Boston Harbor Civil Action

On July 15, 2016, the United States Attorney on behalf of the United States Army Corps of Engineers filed a civil action in the United States District Court for the District of Massachusetts under provisions of the Rivers and Harbors Act of 1899 and the Clean Water Act against NSTAR Electric, Harbor Electric Energy Company, a wholly-owned subsidiary of NSTAR Electric ("HEEC"), and the Massachusetts Water Resources Authority (together with NSTAR Electric and HEEC, the "Defendants"). The action alleged that the Defendants failed to comply with certain permitting requirements related to the placement of the HEEC-owned electric distribution cable beneath Boston Harbor. The action sought an order to compel HEEC to comply with cable depth requirements in the United States Army Corps of Engineers' permit or alternatively to remove the electric distribution cable and cease unauthorized work in U.S. waterways. The action also sought civil penalties and other costs.

The parties reached a settlement pursuant to which HEEC agreed to install a new 115kV distribution cable across Boston Harbor to Deer Island, utilizing a different route, and remove portions of the existing cable. Upon the installation and completion of the new cable and the removal of the portions of the existing cable, all issues surrounding the current permit from the United States Army Corps of Engineers are expected to be resolved, and such litigation is expected to be dismissed with prejudice.

In 2017, as a result of the settlement, NSTAR Electric expensed \$4.9 million (pre-tax) of previously incurred capitalized costs associated with engineering work performed on the existing cable that will no longer be used. In addition, NSTAR Electric agreed to provide a rate base credit of \$17.5 million to the Massachusetts Water Resources Authority for the new cable. This negotiated credit will result in the initial \$17.5 million of construction costs on the new cable to be expensed as incurred. Of this amount, NSTAR Electric expensed \$11.1 million (pre-tax) of costs incurred on the new cable in 2017. Construction of the new cable is expected to be completed in 2019.

G. Litigation and Legal Proceedings

Eversource, including CL&P, NSTAR Electric and PSNH, are involved in legal, tax and regulatory proceedings regarding matters arising in the ordinary course of business, which involve management's assessment to determine the probability of whether a loss will occur and, if probable, its best estimate of probable loss. The Company records and discloses losses when these losses are probable and reasonably estimable, and discloses matters when losses are probable but not estimable or when losses are reasonably possible. Legal costs related to the defense of loss contingencies are expensed as incurred.

12. ASSETS HELD FOR SALE

In June 2015, Eversource and PSNH entered into the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, under the terms of which PSNH agreed to divest its generation assets, subject to NHPUC approval. The NHPUC approval for this agreement, as well as NHPUC approval of the final divestiture plan and auction process, were received in the second half of 2016. In October 2017, PSNH entered into two Purchase and Sale Agreements ("Agreements") to sell its thermal and hydroelectric generation assets to private investors at purchase prices of \$175 million and \$83 million, respectively, subject to adjustments as set forth in the Agreements. The NHPUC approved the Agreements in late November 2017, at which time the Company classified these assets as held for sale.

On January 10, 2018, PSNH completed the sale of its thermal generation assets, pursuant to the Agreement dated October 11, 2017. In accordance with the Purchase and Sale Agreement, the original purchase price of \$175 million was adjusted to reflect working capital adjustments, closing date adjustments and proration of taxes and fees prior to closing, totaling \$40.9 million, resulting in net proceeds of \$134.1 million. As of December 31, 2017, the thermal generation assets classified as assets held for sale are stated at fair value less costs to sell. Deferred costs of \$516.1 million were included in Regulatory Assets on the Eversource and PSNH Balance Sheets, and represent the difference between the carrying value and the fair value less costs to sell of the thermal generation assets as of December 31, 2017. The hydroelectric generation assets are targeted to be sold in the first quarter of 2018 at an amount above net carrying value, and are therefore stated at carrying value. As of December 31, 2017, the difference between the carrying value of the hydroelectric generation assets and the expected proceeds from the sale was approximately \$25 million, which will be recognized as a reduction to the stranded costs upon completion of the sale.

Upon completion of the divestiture, full recovery of PSNH's generation assets and transaction-related costs are expected to occur through a combination of cash flows during the remaining operating period, sales proceeds, and recovery of stranded costs via the issuance of bonds that will be secured by a non-bypassable charge or through recoveries in future rates billed to PSNH's customers. On January 30, 2018, the NHPUC approved the issuance of rate reduction bonds up to \$690 million to recover stranded costs, subject to an audit by the NHPUC Audit Staff. This order is subject to an appeal period of 30 days.

For the years ended December 31, 2017, 2016 and 2015, pre-tax income associated with the assets held for sale was \$60.0 million, \$65.3 million and \$56.9 million, respectively.

As of December 31, 2017, PSNH's generation assets held for sale, which are included in current assets on the Eversource and PSNH balance sheets, and are part of the Electric Distribution reportable segment, were as follows (liabilities held for sale were \$1.2 million as of December 31, 2017):

(Millions of Dollars)

Thermal Gross Plant	\$	1,091.4
Hydroelectric Gross Plant		83.0
Accumulated Depreciation		(575.4)
Net Plant		599.0
Fuel and Inventory		87.7
Materials and Supplies		27.3
Emission Allowances		19.1
Other Assets		2.6
Deferred Costs from Generation Asset Sale		(516.1)
Total Generation Assets Held for Sale	\$	219.6

As of December 31, 2017, the difference between the carrying value of the generation assets and the amounts recognized as assets held for sale represented the deferred costs on the thermal generation asset sale and were calculated as follows:

(Millions of Dollars)

Generation Assets to be Sold (Carrying Value)	\$	735.7
Less: Generation Assets Held for Sale:		
Thermal Generation Assets (Fair Value less Cost to Sell)		(161.7)
Hydroelectric Generation (Carrying Value)		(57.9)
Generation Assets Held for Sale		(219.6)
Deferred Costs from Generation Asset Sale	\$	516.1

13. LEASES

Eversource, including CL&P, NSTAR Electric and PSNH, has entered into lease agreements, some of which are capital leases, for the use of data processing and office equipment, vehicles, service centers, land and office space. In addition, CL&P, NSTAR Electric and PSNH incur costs associated with leases entered into by other Eversource subsidiaries, which include Eversource Service and Rocky River Realty Company, and are included below in their respective operating lease rental expenses and future minimum rental payments. These intercompany lease amounts are eliminated on an Eversource consolidated basis. The provisions of the Eversource, CL&P, NSTAR Electric and PSNH lease agreements generally contain renewal options. Certain lease agreements contain payments impacted by the commercial paper rate plus a credit spread or the consumer price index.

Operating lease rental payments charged to expense are as follows:

(Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2017	\$ 10.5	\$ 11.7	\$ 11.3	\$ 3.3
2016	12.1	12.5	11.4	2.9
2015	12.1	12.5	11.8	2.8

Future minimum rental payments, excluding executory costs, such as property taxes, state use taxes, insurance, and maintenance, under long-term noncancelable leases, as of December 31, 2017 are as follows:

Operating Leases (Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2018	\$ 13.2	\$ 1.8	\$ 7.9	\$ 1.0
2019	11.4	1.5	6.9	1.0
2020	10.0	1.3	6.1	0.9
2021	8.9	1.1	5.5	0.8
2022	7.4	1.0	4.5	0.6
Thereafter	19.7	1.0	15.4	2.0
Future minimum lease payments	\$ 70.6	\$ 7.7	\$ 46.3	\$ 6.3

Capital Leases (Millions of Dollars)	Eversource	CL&P	NSTAR Electric	PSNH
2018	\$ 2.9	\$ 2.0	\$ 0.5	\$ 0.1
2019	3.3	2.0	0.6	—
2020	3.3	2.0	0.5	—
2021	2.8	1.4	0.6	—
2022	1.3	—	0.6	—
Thereafter	2.5	—	2.5	—
Future minimum lease payments	16.1	7.4	5.3	0.1
Less amount representing interest	3.1	1.7	1.2	—
Present value of future minimum lease payments	\$ 13.0	\$ 5.7	\$ 4.1	\$ 0.1

CL&P entered into certain contracts for the purchase of energy that qualify as leases. These contracts do not have minimum lease payments and therefore are not included in the tables above. However, such contracts have been included in the contractual obligations table in Note 11B, "Commitments and Contingencies - Long-Term Contractual Arrangements," to the financial statements.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock and Long-Term Debt: The fair value of CL&P's and NSTAR Electric's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of long-term debt securities is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. The fair values provided in the tables below are classified as Level 2 within the fair value hierarchy. Carrying amounts and estimated fair values are as follows:

Eversource (Millions of Dollars)	As of December 31,			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred Stock Not Subject to Mandatory Redemption	\$ 155.6	\$ 160.8	\$ 155.6	\$ 158.3
Long-Term Debt	12,325.5	12,877.1	9,603.2	9,980.5

	CL&P		NSTAR Electric		PSNH	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(Millions of Dollars)</i>						
As of December 31, 2017:						
Preferred Stock Not Subject to Mandatory Redemption	\$ 116.2	\$ 116.5	\$ 43.0	\$ 44.3	\$ —	\$ —
Long-Term Debt	3,059.1	3,430.5	2,943.8	3,156.5	1,002.4	1,038.2

As of December 31, 2016:						
Preferred Stock Not Subject to Mandatory Redemption	\$ 116.2	\$ 114.7	\$ 43.0	\$ 43.6	\$ —	\$ —
Long-Term Debt	2,766.0	3,049.6	2,644.6	2,790.6	1,072.0	1,109.7

Derivative Instruments and Marketable Securities: Derivative instruments and investments in marketable securities are carried at fair value. For further information, see Note 4, "Derivative Instruments," and Note 5, "Marketable Securities," to the financial statements.

See Note 11, "Summary of Significant Accounting Policies – Fair Value Measurements," for the fair value measurement policy and the fair value hierarchy.

15. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in accumulated other comprehensive income/(loss) by component, net of tax, is as follows:

<i>Eversource (Millions of Dollars)</i>	For the Year Ended December 31, 2017				For the Year Ended December 31, 2016			
	Qualified Cash Flow Hedging Instruments	Unrealized Gains/(Losses) on Marketable Securities	Defined Benefit Plans	Total	Qualified Cash Flow Hedging Instruments	Unrealized Gains/(Losses) on Marketable Securities	Defined Benefit Plans	Total
Balance as of January 1st	\$ (8.2)	\$ 0.4	\$ (57.5)	\$ (65.3)	\$ (10.3)	\$ (1.9)	\$ (54.6)	\$ (66.8)
OCI Before Reclassifications	—	(0.4)	(7.2)	(7.6)	—	2.3	(6.8)	(4.5)
Amounts Reclassified from AOCL	2.0	—	4.5	6.5	2.1	—	3.9	6.0
Net OCI	2.0	(0.4)	(2.7)	(1.1)	2.1	2.3	(2.9)	1.5
Balance as of December 31st	\$ (6.2)	\$ —	\$ (60.2)	\$ (66.4)	\$ (8.2)	\$ 0.4	\$ (57.5)	\$ (65.3)

Eversource's qualified cash flow hedging instruments represent interest rate swap agreements on debt issuances that were settled in prior years. The settlement amount was recorded in AOCL and is being amortized into Net Income over the term of the underlying debt instrument. CL&P, NSTAR Electric and PSNH continue to amortize interest rate swaps settled in prior years from AOCL into Interest Expense over the remaining life of the associated long-term debt. Such interest rate swaps are not material to their respective financial statements.

Defined benefit plan OCI amounts before reclassifications relate to actuarial gains and losses and prior service costs that arose during the year and were recognized in AOCL. The related tax effects recognized in AOCL were net deferred tax assets of \$4.1 million and \$4.0 million in 2017 and 2016, respectively, and were net deferred tax liabilities of \$2.0 million in 2015. The unamortized actuarial gains and losses and prior service costs on the defined benefit plans are amortized from AOCL into Operations and Maintenance expense over the average future employee service period, and are reflected in amounts reclassified from AOCL.

The following table sets forth the amounts reclassified from AOCL by component and the impacted line item on the statements of income:

Eversource (Millions of Dollars)	Amounts Reclassified from AOCL			Statements of Income Line Item Impacted
	For the Years Ended December 31,			
	2017	2016	2015	
Qualified Cash Flow Hedging Instruments	\$ (3.3)	\$ (3.5)	\$ (3.5)	Interest Expense
Tax Effect	1.3	1.4	1.4	Income Tax Expense
Qualified Cash Flow Hedging Instruments, Net of Tax	\$ (2.0)	\$ (2.1)	\$ (2.1)	
Defined Benefit Plan Costs:				
Amortization of Actuarial Losses	\$ (6.2)	\$ (5.6)	\$ (6.6)	Operations and Maintenance Expense ⁽¹⁾
Amortization of Prior Service Cost	(1.1)	(0.8)	(0.2)	Operations and Maintenance Expense ⁽¹⁾
Total Defined Benefit Plan Costs	(7.3)	(6.4)	(6.8)	
Tax Effect	2.8	2.5	2.6	Income Tax Expense
Defined Benefit Plan Costs, Net of Tax	\$ (4.5)	\$ (3.9)	\$ (4.2)	
Total Amounts Reclassified from AOCL, Net of Tax	\$ (6.5)	\$ (6.0)	\$ (6.3)	

(1) These amounts are included in the computation of net periodic Pension, SERP and PBOP costs. See Note 9A, "Employee Benefits – Pension Benefits and Postretirement Benefits Other Than Pensions," for further information.

As of December 31, 2017, it is estimated that a pre-tax amount of \$2.8 million (including \$0.1 million for CL&P, \$0.7 million for NSTAR Electric and \$1.9 million for PSNH) will be reclassified from AOCL as a decrease to Net Income over the next 12 months as a result of the amortization of the interest rate swap agreements which have been settled. In addition, it is estimated that a pre-tax amount of \$6.6 million will be reclassified from AOCL as a decrease to Net Income over the next 12 months as a result of the amortization of Pension, SERP and PBOP costs.

16. DIVIDEND RESTRICTIONS

Eversource parent's ability to pay dividends may be affected by certain state statutes, the ability of its subsidiaries to pay common dividends and the leverage restriction tied to its consolidated total debt to total capitalization ratio requirement in its revolving credit agreement. Pursuant to the joint revolving credit agreement of Eversource, CL&P, PSNH, Yankee Gas and NSTAR Gas, and to the NSTAR Electric revolving credit agreement, each company is required to maintain consolidated total indebtedness to total capitalization ratio of no greater than 65 percent at the end of each fiscal quarter. As of December 31, 2017, all companies were in compliance with such covenant. Eversource, CL&P, NSTAR Electric, PSNH, Yankee Gas and NSTAR Gas were in compliance with all such provisions of the revolving credit agreements that may restrict the payment of dividends as of December 31, 2017.

The Retained Earnings balances subject to dividend restrictions were \$3.6 billion for Eversource, \$1.4 billion for CL&P, \$1.9 billion for NSTAR Electric and \$511.4 million for PSNH as of December 31, 2017. PSNH is further required to reserve an additional amount under its FERC hydroelectric license conditions. As of December 31, 2017, \$14.3 million of PSNH's Retained Earnings was subject to restriction under its FERC hydroelectric license conditions and PSNH was in compliance with this provision.

CL&P, NSTAR Electric and PSNH are subject to Section 305 of the Federal Power Act that makes it unlawful for a public utility to make or pay a dividend from any funds "properly included in its capital account." Management believes that this Federal Power Act restriction, as applied to CL&P, NSTAR Electric and PSNH, would not be construed or applied by the FERC to prohibit the payment of dividends from retained earnings for lawful and legitimate business purposes. In addition, certain state statutes may impose additional limitations on such companies and on Yankee Gas and NSTAR Gas. Such state law restrictions do not restrict the payment of dividends from retained earnings or net income.

17. COMMON SHARES

The following table sets forth the Eversource parent common shares and the shares of common stock of CL&P, NSTAR Electric and PSNH that were authorized and issued, as well as the respective per share par values:

	Shares			
	Par Value	Authorized as of December 31, 2017 and 2016	Issued as of December 31,	
			2017	2016
Eversource	\$ 5	380,000,000	333,878,402	333,878,402
CL&P	\$ 10	24,500,000	6,035,205	6,035,205
NSTAR Electric	\$ 1	100,000,000	200	200
PSNH	\$ 1	100,000,000	301	301

On December 31, 2017, as a result of the WMECO merger with and into NSTAR Electric, WMECO's common stock was converted into 100 shares of NSTAR Electric common stock. In accordance with accounting guidance on combinations between entities under common control, NSTAR Electric's common stock has been retrospectively adjusted as if the merger occurred on January 1, 2015.

As of both December 31, 2017 and 2016, there were 16,992,594 Eversource common shares held as treasury shares. As of both December 31, 2017 and 2016, Eversource common shares outstanding were 316,885,808.

In 2016, the Company converted 321,228 Eversource common shares at a share price of \$52.56 to Treasury Stock on the consolidated balance sheet at their weighted average original average cost of \$24.26 per share.

18. PREFERRED STOCK NOT SUBJECT TO MANDATORY REDEMPTION

The CL&P and NSTAR Electric preferred stock is not subject to mandatory redemption and is presented as a noncontrolling interest of a subsidiary in Eversource's financial statements.

CL&P is authorized to issue up to 9,000,000 shares of preferred stock, par value \$50 per share, and NSTAR Electric is authorized to issue 2,890,000 shares of preferred stock, par value \$100 per share. Holders of preferred stock of CL&P and NSTAR Electric are entitled to receive cumulative dividends in preference to any payment of dividends on the common stock. Upon liquidation, holders of preferred stock of CL&P and NSTAR Electric are entitled to receive a liquidation preference before any distribution to holders of common stock in an amount equal to the par value of the preferred stock plus accrued and unpaid dividends. If the net assets were to be insufficient to pay the liquidation preference in full, then the net assets would be distributed ratably to all holders of preferred stock. The preferred stock of CL&P and NSTAR Electric is subject to optional redemption by the CL&P and NSTAR Electric Board of Directors at any time.

Details of preferred stock not subject to mandatory redemption are as follows (in millions, except in redemption price and shares):

Series			Redemption Price Per Share	Shares Outstanding as of December 31,		As of December 31,	
				2017	2016	2017	2016
CL&P							
\$ 1.90	Series of 1947	\$	52.50	163,912	163,912	\$ 8.2	\$ 8.2
\$ 2.00	Series of 1947	\$	54.00	336,088	336,088	16.8	16.8
\$ 2.04	Series of 1949	\$	52.00	100,000	100,000	5.0	5.0
\$ 2.20	Series of 1949	\$	52.50	200,000	200,000	10.0	10.0
3.90%	Series of 1949	\$	50.50	160,000	160,000	8.0	8.0
\$ 2.06	Series E of 1954	\$	51.00	200,000	200,000	10.0	10.0
\$ 2.09	Series F of 1955	\$	51.00	100,000	100,000	5.0	5.0
4.50%	Series of 1956	\$	50.75	104,000	104,000	5.2	5.2
4.96%	Series of 1958	\$	50.50	100,000	100,000	5.0	5.0
4.50%	Series of 1963	\$	50.50	160,000	160,000	8.0	8.0
5.28%	Series of 1967	\$	51.43	200,000	200,000	10.0	10.0
\$ 3.24	Series G of 1968	\$	51.84	300,000	300,000	15.0	15.0
6.56%	Series of 1968	\$	51.44	200,000	200,000	10.0	10.0
Total CL&P				2,324,000	2,324,000	\$ 116.2	\$ 116.2
NSTAR Electric							
4.25%	Series of 1956	\$	103.625	180,000	180,000	\$ 18.0	\$ 18.0
4.78%	Series of 1958	\$	102.80	250,000	250,000	25.0	25.0
Total NSTAR Electric				430,000	430,000	\$ 43.0	\$ 43.0
Fair Value Adjustment due to Merger with NSTAR						(3.6)	(3.6)
Other							
6.00%	Series of 1958	\$	100.00	23	—	\$ —	\$ —
Total Eversource - Preferred Stock of Subsidiaries						\$ 155.6	\$ 155.6

19. COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS

Dividends on the preferred stock of CL&P and NSTAR Electric totaled \$7.5 million for each of the years ended December 31, 2017, 2016 and 2015. These dividends were presented as Net Income Attributable to Noncontrolling Interests on the Eversource statements of income. Noncontrolling Interest – Preferred Stock of Subsidiaries on the Eversource balance sheets totaled \$155.6 million as of December 31, 2017 and 2016. On the Eversource balance sheets, Common Shareholders' Equity was fully attributable to the parent and Noncontrolling Interest – Preferred Stock of Subsidiaries was fully attributable to the noncontrolling interest.

For the years ended December 31, 2017, 2016 and 2015, there was no change in ownership of the common equity of CL&P and NSTAR Electric.

20. EARNINGS PER SHARE

Basic EPS is computed based upon the weighted average number of common shares outstanding during each period. Diluted EPS is computed on the basis of the weighted average number of common shares outstanding plus the potential dilutive effect of certain share-based compensation awards as if they were converted into common shares. The dilutive effect of unvested RSU and performance share awards is calculated using the treasury stock method. RSU and performance share awards are included in basic weighted average common shares outstanding as of the date that all necessary vesting conditions have been satisfied. For the years ended December 31, 2017 and 2016, there were no antidilutive share awards excluded from the diluted EPS computation. For the year ended December 31, 2015, there were 1,474 antidilutive share awards excluded from the computation of diluted EPS.

The following table sets forth the components of basic and diluted EPS:

Eversource (Millions of Dollars, except share information)	For the Years Ended December 31,		
	2017	2016	2015
Net Income Attributable to Common Shareholders	\$ 988.0	\$ 942.3	\$ 878.5
Weighted Average Common Shares Outstanding:			
Basic	317,411,097	317,650,180	317,336,881
Dilutive Effect	620,483	804,059	1,095,806
Diluted	318,031,580	318,454,239	318,432,687
Basic EPS	\$ 3.11	\$ 2.97	\$ 2.77
Diluted EPS	\$ 3.11	\$ 2.96	\$ 2.76

21. SEGMENT INFORMATION

Presentation: Eversource is organized among the Electric Distribution, Electric Transmission and Natural Gas Distribution reportable segments and Other based on a combination of factors, including the characteristics of each segments' services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates.

These reportable segments represent substantially all of Eversource's total consolidated revenues. Revenues from the sale of electricity and natural gas primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer. The Electric Distribution reportable segment includes the results of PSNH's generation facilities and NSTAR Electric's solar power facilities. Eversource's reportable segments are determined based upon the level at which Eversource's chief operating decision maker assesses performance and makes decisions about the allocation of company resources. On December 4, 2017, Eversource acquired Aquarion, which was considered to be a new operating segment, water. Financial statement results, however, were not considered material as a result of a short period of ownership by Eversource, and were not reported separately. Therefore, the results of the water operating segment have been included in Other for the year ended December 31, 2017.

The remainder of Eversource's operations is presented as Other in the tables below and primarily consists of 1) the equity in earnings of Eversource parent from its subsidiaries and intercompany interest income, both of which are eliminated in consolidation, and interest expense related to the debt of Eversource parent, 2) the revenues and expenses of Eversource Service, most of which are eliminated in consolidation, 3) the operations of CYAPC and YAEC, 4) the results of Aquarion's water business from the date of the acquisition on December 4, 2017 through December 31, 2017; and 5) the results of other unregulated subsidiaries, which are not part of its core business. In addition, Other in the tables below includes Eversource parent's equity ownership interests in certain natural gas pipeline projects owned by Enbridge, Inc., the Bay State Wind project, a renewable energy investment fund, and two companies that transmit hydroelectricity imported from the Hydro-Quebec system in Canada. In the ordinary course of business, Yankee Gas and NSTAR Gas purchase natural gas transmission services from the Enbridge, Inc. natural gas pipeline projects described above. These affiliate transaction costs total approximately \$62.5 million annually and are classified as Purchased Power, Fuel and Transmission on the Eversource statements of income.

Each of Eversource's subsidiaries, including CL&P, NSTAR Electric and PSNH, has one reportable segment.

The Electric Transmission segment includes a reduction to Operations and Maintenance expense of \$27.5 million in 2016 for costs incurred in previous years that was recovered in transmission rates over the period June 1, 2016 through May 31, 2017. These costs were associated with the merger of Northeast Utilities and NSTAR.

Cash flows used for investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension expense.

Eversource's segment information is as follows:

Eversource (Millions of Dollars)	For the Year Ended December 31, 2017					
	Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
Operating Revenues	\$ 5,542.9	\$ 947.3	\$ 1,301.7	\$ 946.9	\$ (986.8)	\$ 7,752.0
Depreciation and Amortization	(542.6)	(72.9)	(209.4)	(41.1)	2.2	(863.8)
Other Operating Expenses	(4,046.0)	(713.5)	(382.6)	(814.6)	986.7	(4,970.0)
Operating Income	954.3	160.9	709.7	91.2	2.1	1,918.2
Interest Expense	(186.3)	(43.1)	(115.1)	(93.1)	15.8	(421.8)
Interest Income	7.3	0.1	1.8	15.8	(16.7)	8.3
Other Income, Net	15.0	0.9	27.1	1,112.7	(1,086.0)	69.7
Income Tax Expense	(288.3)	(44.2)	(228.7)	(17.6)	(0.1)	(578.9)
Net Income	502.0	74.6	394.8	1,109.0	(1,084.9)	995.5
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	(7.5)
Net Income Attributable to Common Shareholders	\$ 497.4	\$ 74.6	\$ 391.9	\$ 1,109.0	\$ (1,084.9)	\$ 988.0
Total Assets (as of)	\$ 19,250.4	\$ 3,595.2	\$ 9,401.2	\$ 18,403.8	\$ (14,430.2)	\$ 36,220.4
Cash Flows Used for Investments in Plant	\$ 1,020.7	\$ 298.2	\$ 867.6	\$ 161.6	\$ —	\$ 2,348.1

For the Year Ended December 31, 2016

Eversource <i>(Millions of Dollars)</i>	Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
Operating Revenues	\$ 5,594.3	\$ 857.7	\$ 1,210.0	\$ 870.4	\$ (893.3)	\$ 7,639.1
Depreciation and Amortization	(504.7)	(65.3)	(185.8)	(33.5)	2.2	(787.1)
Other Operating Expenses	(4,155.1)	(628.9)	(321.8)	(778.1)	891.8	(4,992.1)
Operating Income	934.5	163.5	702.4	58.8	0.7	1,859.9
Interest Expense	(193.1)	(41.3)	(110.0)	(63.5)	6.9	(401.0)
Interest Income	10.0	0.1	1.2	7.0	(7.3)	11.0
Other Income, Net	4.8	0.6	18.3	1,020.1	(1,008.9)	34.9
Income Tax (Expense)/Benefit	(288.8)	(45.2)	(238.2)	16.5	0.7	(555.0)
Net Income	467.4	77.7	373.7	1,038.9	(1,007.9)	949.8
Net Income Attributable to Noncontrolling Interests	(4.6)	—	(2.9)	—	—	(7.5)
Net Income Attributable to Common Shareholders	\$ 462.8	\$ 77.7	\$ 370.8	\$ 1,038.9	\$ (1,007.9)	\$ 942.3
Total Assets (as of)	\$ 18,367.5	\$ 3,303.8	\$ 8,751.5	\$ 14,493.1	\$ (12,862.7)	\$ 32,053.2
Cash Flows Used for Investments in Plant	\$ 812.6	\$ 255.3	\$ 801.0	\$ 108.0	\$ —	\$ 1,976.9

For the Year Ended December 31, 2015

Eversource <i>(Millions of Dollars)</i>	Electric Distribution	Natural Gas Distribution	Electric Transmission	Other	Eliminations	Total
Operating Revenues	\$ 5,903.6	\$ 995.5	\$ 1,069.1	\$ 863.6	\$ (877.0)	\$ 7,954.8
Depreciation and Amortization	(425.2)	(70.5)	(165.6)	(29.0)	2.1	(688.2)
Other Operating Expenses	(4,470.2)	(776.7)	(314.9)	(817.9)	877.3	(5,502.4)
Operating Income	1,008.2	148.3	588.6	16.7	2.4	1,764.2
Interest Expense	(186.3)	(36.9)	(105.8)	(48.0)	4.6	(372.4)
Interest Income	5.7	0.1	1.6	4.4	(5.1)	6.7
Other Income, Net	7.2	0.8	14.5	977.8	(972.8)	27.5
Income Tax (Expense)/Benefit	(322.8)	(40.1)	(191.6)	14.5	—	(540.0)
Net Income	512.0	72.2	307.3	965.4	(970.9)	886.0
Net Income Attributable to Noncontrolling Interests	(4.7)	—	(2.8)	—	—	(7.5)
Net Income Attributable to Common Shareholders	\$ 507.3	\$ 72.2	\$ 304.5	\$ 965.4	\$ (970.9)	\$ 878.5
Cash Flows Used for Investments in Plant	\$ 718.9	\$ 182.2	\$ 749.1	\$ 73.9	\$ —	\$ 1,724.1

22. ACQUISITION OF AQUARION AND GOODWILL

A. Acquisition of Aquarion

On December 4, 2017, Eversource acquired Aquarion from Macquarie Infrastructure Partners for \$1.675 billion, consisting of approximately \$880 million in cash purchase price and \$795 million of assumed Aquarion debt. Aquarion is a holding company primarily engaged, through its three separate regulated water utility subsidiaries, in the water collection, treatment and distribution business, and operates in Connecticut, Massachusetts and New Hampshire. These regulated utilities collect, treat and distribute water to residential, commercial and industrial customers, to other utilities for resale, and for private and municipal fire protection. With the acquisition of Aquarion, Eversource is now the only U.S.-based electric utility to also own a water utility. The transaction was approved by PURA, the DPU, the NHPUC, the Maine PUC, and the Federal Communications Commission. Aquarion and its subsidiaries became wholly-owned subsidiaries of Eversource, and Eversource's consolidated financial information includes Aquarion and its subsidiaries' activity from December 4, 2017 through December 31, 2017.

The approximate \$880 million cash purchase price includes the \$745 million equity purchase price and a \$135 million shareholder loan, paid at closing.

Purchase Price Allocation: The allocation of the total purchase price to the estimated fair values of the assets acquired and liabilities assumed has been determined based on the accounting guidance for fair value measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The allocation of the total purchase price includes adjustments to record the fair value of unregulated and regulated long-term debt, non-utility land and buildings, regulatory assets not earning a return, and Aquarion's Homeowners Safety Valve unregulated business.

The fair values of Aquarion's assets and liabilities were determined based on significant estimates and assumptions, including Level 3 inputs, that are judgmental in nature. These estimates and assumptions include the timing and amounts of projected future cash flows and discount rates reflecting risk inherent in future cash flows. The excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed was recognized as goodwill.

The preliminary allocation of the cash purchase price is as follows:

(Millions of Dollars)

Current Assets	\$	41.2
PP&E		1,034.9
Goodwill		907.9
Other Noncurrent Assets, excluding Goodwill		207.6
Current Liabilities		(121.1)
Noncurrent Liabilities		(421.6)
Long-Term Debt		(771.2)
Total Cash Purchase Price	\$	877.7

Pro Forma Financial Information: The following unaudited pro forma financial information reflects the pro forma combined results of operations of Eversource and Aquarion and reflects the amortization of purchase price adjustments assuming the acquisition had taken place on January 1, 2016. The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of the consolidated results of operations that would have been achieved or the future consolidated results of operations of Eversource.

	For the Years Ended December 31,			
	2017		2016	
(Pro forma amounts in millions, except share amounts)				
Operating Revenues	\$	7,947.7	\$	7,849.0
Net Income Attributable to Common Shareholders		1,019.1		969.3
Basic EPS		3.21		3.05
Diluted EPS		3.20		3.04

Aquarion Revenues and Pre-Tax Income: The impact of Aquarion on Eversource's accompanying consolidated statement of income includes operating revenues of \$15.9 million and pre-tax income of \$1.1 million for the year ended December 31, 2017.

B. Goodwill

In a business combination, the excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed is recognized as goodwill. Goodwill is evaluated for impairment at least annually and more frequently if indicators of impairment arise. In accordance with the accounting standards, if the fair value of a reporting unit is less than its carrying value (including goodwill), the goodwill is tested for impairment. Goodwill is not subject to amortization, however is subject to a fair value based assessment for impairment at least annually and whenever facts or circumstances indicate that there may be an impairment. A resulting write-down, if any, would be charged to Operating Expenses.

Eversource completed the acquisition of Aquarion on December 4, 2017, resulting in the addition of \$0.9 billion of goodwill. Upon completion of the acquisition, Eversource determined that the reporting units for the purpose of testing goodwill are Electric Distribution, Electric Transmission, Natural Gas Distribution and Water. The goodwill resulting from the Aquarion acquisition has been entirely allocated to the Water reporting unit. These reporting units are consistent with the operating segments underlying the reportable segments identified in Note 21, "Segment Information," to the financial statements.

Eversource completed its annual goodwill impairment test for Electric Distribution, Electric Transmission and Natural Gas Distribution reporting units as of October 1, 2017 and determined that no impairment existed. There were no events subsequent to October 1, 2017 that indicated impairment of goodwill. The annual goodwill assessment included an evaluation of the Company's share price and credit ratings, analyst reports, financial performance, cost and risk factors, long-term strategy, growth and future projections, as well as macroeconomic, industry and market conditions. This evaluation required the consideration of several factors that impact the fair value of the reporting units, including conditions and assumptions that affect the future cash flows of the reporting units. Key considerations include discount rates, utility sector market performance and merger transaction multiples, and internal estimates of future cash flows and net income.

The following table presents goodwill by reportable segment:

(Billions of Dollars)	Electric Distribution	Electric Transmission	Natural Gas Distribution	Parent and Other	Total
Balance as of January 1, 2017	\$ 2.5	\$ 0.6	\$ 0.4	\$ —	\$ 3.5
Acquisition of Aquarion	—	—	—	0.9	0.9
Balance as of December 31, 2017	\$ 2.5	\$ 0.6	\$ 0.4	\$ 0.9	\$ 4.4

23. VARIABLE INTEREST ENTITIES

The Company's variable interests outside of the consolidated group include contracts that are required by regulation and provide for regulatory recovery of contract costs and benefits through customer rates. Eversource, CL&P and NSTAR Electric hold variable interests in variable interest entities (VIEs) through agreements with certain entities that own single renewable energy or peaking generation power plants, with other independent power producers and with transmission businesses. Eversource, CL&P and NSTAR Electric do not control the activities that are economically significant to these VIEs or provide financial or other support to these VIEs. Therefore, Eversource, CL&P and NSTAR Electric do not consolidate these VIEs.

24. QUARTERLY FINANCIAL DATA (UNAUDITED)

Eversource (Millions of Dollars, except per share information)	Quarter Ended							
	2017				2016			
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
Operating Revenues	\$ 2,105.1	\$ 1,762.8	\$ 1,988.5	\$ 1,895.6	\$ 2,055.6	\$ 1,767.2	\$ 2,039.7	\$ 1,776.6
Operating Income	509.0	455.7	502.6	450.9	488.5	423.4	509.9	438.1
Net Income	261.3	232.6	262.2	239.4	246.0	205.5	267.2	231.1
Net Income Attributable to Common Shareholders	259.5	230.7	260.4	237.4	244.2	203.6	265.3	229.2
Basic EPS ⁽¹⁾	\$ 0.82	\$ 0.73	\$ 0.82	\$ 0.75	\$ 0.77	\$ 0.64	\$ 0.83	\$ 0.72
Diluted EPS ⁽¹⁾	\$ 0.82	\$ 0.73	\$ 0.82	\$ 0.75	\$ 0.77	\$ 0.64	\$ 0.83	\$ 0.72

(1) The summation of quarterly EPS data may not equal annual data due to rounding.

(Millions of Dollars)	Quarter Ended							
	2017				2016			
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
CL&P								
Operating Revenues	\$ 732.3	\$ 666.6	\$ 774.8	\$ 713.7	\$ 735.3	\$ 679.8	\$ 760.0	\$ 630.9
Operating Income	176.0	176.0	177.5	155.6	171.5	162.1	176.1	163.5
Net Income	90.2	91.3	96.1	99.1	87.0	82.9	86.6	77.8
NSTAR Electric								
Operating Revenues	\$ 733.8	\$ 704.7	\$ 851.9	\$ 690.2	\$ 742.2	\$ 707.6	\$ 904.4	\$ 687.4
Operating Income	161.6	182.7	234.4	128.9	142.9	159.7	240.8	130.8
Net Income	83.4	95.0	125.8	70.5	71.3	81.4	133.2	64.9
PSNH								
Operating Revenues	\$ 253.2	\$ 230.4	\$ 250.0	\$ 248.0	\$ 242.3	\$ 218.5	\$ 266.9	\$ 231.8
Operating Income	68.3	64.9	67.4	71.2	70.7	63.1	74.7	54.6
Net Income	34.3	31.6	33.7	36.4	36.1	31.3	38.5	26.1

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

No events that would be described in response to this item have occurred with respect to Eversource, CL&P, NSTAR Electric or PSNH.

Item 9A. Controls and Procedures

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, is responsible for the preparation, integrity, and fair presentation of the accompanying Financial Statements and other sections of this combined Annual Report on Form 10-K. Eversource's internal controls over financial reporting were audited by Deloitte & Touche LLP.

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, is responsible for establishing and maintaining adequate internal controls over financial reporting. The internal control framework and processes have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. There are inherent limitations of internal controls over financial reporting that could allow material misstatements due to error or fraud to occur and not be prevented or detected on a timely basis by employees during the normal course of business. Additionally, internal controls over financial reporting may become inadequate in the future due to changes in the business environment. Under the supervision and with the participation of the principal executive officer and principal financial officer, an evaluation of the effectiveness of internal controls over financial reporting was conducted based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation under the framework in COSO, management concluded that internal controls over financial reporting at Eversource, CL&P, NSTAR Electric and PSNH were effective as of December 31, 2017.

Management, on behalf of Eversource, CL&P, NSTAR Electric and PSNH, evaluated the design and operation of the disclosure controls and procedures as of December 31, 2017 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officer and principal financial officer as of the end of the period covered by this Annual Report on Form 10-K. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of Eversource, CL&P, NSTAR Electric and PSNH are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

On December 4, 2017, Eversource completed the acquisition of Eversource Aquarion Holdings, Inc. (formerly Macquarie Utilities Inc.). Eversource Aquarion Holdings Inc. is the parent company that holds the operating companies of the Aquarion water business (collectively, "Aquarion"). As of December 31, 2017, Eversource management has excluded Aquarion from its evaluation of disclosure controls and procedures and management's report on internal controls over financial reporting.

There have been no changes in internal controls over financial reporting for Eversource, CL&P, NSTAR Electric and PSNH during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Item 9B. Other Information

No information is required to be disclosed under this item as of December 31, 2017, as this information has been previously disclosed in applicable reports on Form 8-K during the fourth quarter of 2017.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information in Item 10 is provided as of February 23, 2018, except where otherwise indicated.

Certain information required by this Item 10 is omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly Owned Subsidiaries.

Eversource Energy

In addition to the information provided below concerning the executive officers of Eversource Energy, incorporated herein by reference is the information to be contained in the sections captioned “Election of Trustees,” “Governance of Eversource Energy” and the related subsections, “Selection of Trustees,” and “Section 16(a) Beneficial Ownership Reporting Compliance” of Eversource Energy’s definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 23, 2018.

Eversource Energy and CL&P

Each member of CL&P’s Board of Directors is an employee of Eversource Energy Service Company. Directors are elected annually to serve for one year until their successors are elected and qualified.

Set forth below is certain information concerning CL&P’s Directors and Eversource Energy’s and CL&P’s executive officers:

Name	Age	Title
James J. Judge	62	Chairman of the Board, President and Chief Executive Officer and a Trustee of Eversource Energy; Chairman, President and Chief Executive Officer and a Director of Eversource Service and Chairman; a Director of the electric and natural gas regulated companies, including CL&P
Philip J. Lembo	62	Executive Vice President and Chief Financial Officer of Eversource Energy; Executive Vice President and Chief Financial Officer; a Director of Eversource Service and the electric and natural gas regulated companies, including CL&P
Gregory B. Butler	60	Executive Vice President and General Counsel of Eversource Energy; Executive Vice President and General Counsel and a Director of Eversource Service and the electric and natural gas regulated companies, including CL&P
Christine M. Carmody ¹	55	Executive Vice President-Human Resources and Information Technology of Eversource Energy and Eversource Service; a Director of Eversource Service
Joseph R. Nolan, Jr. ¹	54	Executive Vice President-Customer and Corporate Relations of Eversource Energy and Eversource Service; a Director of Eversource Service
Leon J. Olivier	70	Executive Vice President-Enterprise Energy Strategy and Business Development of Eversource Energy and Eversource Service; a Director of Eversource Service
Werner J. Schweiger	58	Executive Vice President and Chief Operating Officer of Eversource Energy; Executive Vice President and Chief Operating Officer and a Director of Eversource Service; Chief Executive Officer and a Director of the electric and natural gas regulated companies, including CL&P
Jay S. Buth	48	Vice President, Controller and Chief Accounting Officer of Eversource Energy, Eversource Service and the electric and natural gas regulated companies, including CL&P

¹ Deemed an executive officer of CL&P pursuant to Rule 3b-7 under the Securities Exchange Act of 1934.

James J. Judge. Mr. Judge has served as Chairman of the Board, President and Chief Executive Officer of Eversource Energy since May 3, 2017; as a Trustee of Eversource Energy and as Chairman of CL&P, NSTAR Electric and PSNH since May 4, 2016; and as Chairman, President and Chief Executive Officer of Eversource Service and Chairman of NSTAR Gas and Yankee Gas since May 9, 2016. Mr. Judge has served as a Director of CL&P, PSNH, Yankee Gas and Eversource Service since April 10, 2012; and of NSTAR Electric and NSTAR Gas since September 27, 1999. Previously, Mr. Judge served as President and Chief Executive Officer of Eversource Energy from May 4, 2016 until May 3, 2017; as Chairman of WMECO from May 4, 2016 until December 31, 2017; as a Director of WMECO from April 10, 2012 until December 31, 2017; and as Executive Vice President and Chief Financial Officer of Eversource Energy, CL&P, NSTAR Electric, PSNH and WMECO from April 10, 2012 until May 4, 2016; of NSTAR Gas, Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Judge has served as Chairman of the Board of Eversource Energy Foundation, Inc. since May 9, 2016; and as a Director since April 10, 2012. He previously served as Treasurer of the Eversource Energy Foundation, Inc. from May 10, 2012 until May 9, 2016. He has served as a Trustee of the NSTAR Foundation since December 12, 1995.

Philip J. Lembo. Mr. Lembo has served as Executive Vice President and Chief Financial Officer of Eversource Energy since May 3, 2017; and of CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since March 31, 2017. Mr. Lembo has served as a Director of CL&P, NSTAR Electric and PSNH since May 4, 2016; and of NSTAR Gas, Yankee Gas and Eversource Service since May 9, 2016. Mr. Lembo previously served as Executive Vice President and Chief Financial Officer of WMECO from May 3, 2017 until December 31, 2017; as a Director of WMECO from May 4, 2016 until December 31, 2017; as Executive Vice President, Chief Financial Officer and Treasurer of Eversource Energy

from August 8, 2016 until May 3, 2017; of CL&P, NSTAR Electric, PSNH, WMECO, NSTAR Gas, Yankee Gas and Eversource Service from August 8, 2016 until March 31, 2017; as Senior Vice President, Chief Financial Officer and Treasurer of Eversource Energy, CL&P, NSTAR Electric, PSNH and WMECO from May 4, 2016 until August 8, 2016; and of NSTAR Gas, Yankee Gas and Eversource Service from May 9, 2016 until August 8, 2016; as Vice President and Treasurer of Eversource Energy, CL&P, PSNH and WMECO from April 10, 2012 until May 4, 2016; and of Yankee Gas and Eversource Service from April 10, 2012 until May 9, 2016. Mr. Lembo served as Vice President and Treasurer of NSTAR Electric and NSTAR Gas from March 29, 2006 until May 4, 2016. Mr. Lembo has served as a Director of Eversource Energy Foundation, Inc. since May 9, 2016. He previously served as Treasurer of Eversource Energy Foundation, Inc. from May 9, 2016 until March 31, 2017. He has served as a Trustee of the NSTAR Foundation since May 9, 2016.

Gregory B. Butler. Mr. Butler has served as Executive Vice President and General Counsel of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since August 8, 2016. Mr. Butler has served as a Director of NSTAR Electric and NSTAR Gas since April 10, 2012; of Eversource Service since November 27, 2012; and of CL&P, PSNH and Yankee Gas since April 22, 2009. Mr. Butler previously served as Executive Vice President and General Counsel of WMECO from August 8, 2016 until December 31, 2017; as a Director of WMECO from April 22, 2009 until December 31, 2017; as Senior Vice President and General Counsel of Eversource Energy from May 1, 2014 until August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 8, 2016; of CL&P, PSNH, WMECO, Yankee Gas and Eversource Service from March 9, 2006 until August 8, 2016; and as Senior Vice President, General Counsel and Secretary of Eversource Energy from April 10, 2012 until May 1, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since December 1, 2002. He has been a Trustee of the NSTAR Foundation since April 10, 2012.

Christine M. Carmody. Ms. Carmody has served as Executive Vice President-Human Resources and Information Technology of Eversource Energy and Eversource Service since August 8, 2016. Ms. Carmody has served as a Director of Eversource Service since November 27, 2012. Previously Ms. Carmody served as Senior Vice President-Human Resources of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 until August 8, 2016; as Senior Vice President-Human Resources of CL&P, PSNH, WMECO and Yankee Gas from November 27, 2012 until September 29, 2014; of NSTAR Electric and NSTAR Gas from August 1, 2008 until September 29, 2014; and as a Director of CL&P, PSNH, WMECO and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014. Ms. Carmody has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012. She has served as a Trustee of the NSTAR Foundation since August 1, 2008.

Joseph R. Nolan, Jr. Mr. Nolan has served as Executive Vice President-Customer and Corporate Relations of Eversource Energy and Eversource Service since August 8, 2016. Mr. Nolan has served as a Director of Eversource Service since November 27, 2012. Previously Mr. Nolan served as Senior Vice President-Corporate Relations of Eversource Energy from May 4, 2016 until August 8, 2016; of Eversource Service from April 10, 2012 to August 8, 2016; of NSTAR Electric and NSTAR Gas from April 10, 2012 until September 29, 2014; and of CL&P, PSNH, WMECO and Yankee Gas from November 27, 2012 until September 29, 2014. Mr. Nolan previously served as a Director of CL&P, PSNH, WMECO and Yankee Gas from April 10, 2012 until September 29, 2014; and of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014. Mr. Nolan has served as a Director of Eversource Energy Foundation, Inc. since April 10, 2012, and as Executive Director of Eversource Energy Foundation, Inc. since October 15, 2013. He has served as a Trustee of the NSTAR Foundation since October 1, 2000.

Leon J. Olivier. Mr. Olivier has served as Executive Vice President-Enterprise Energy Strategy and Business Development of Eversource Energy since September 2, 2014; and of Eversource Service since August 11, 2014. Mr. Olivier has served as a Director of Eversource Service since January 17, 2005. Mr. Olivier previously served as Executive Vice President and Chief Operating Officer of Eversource Energy from May 13, 2008 until September 2, 2014; of Eversource Service from May 13, 2008 until August 11, 2008; as Chief Executive Officer of NSTAR Electric and NSTAR Gas from April 10, 2012 until August 11, 2014; of CL&P, PSNH, WMECO and Yankee Gas from January 15, 2007 until August 11, 2014; and of CL&P from September 10, 2001 until September 29, 2014; as a Director of NSTAR Electric and NSTAR Gas from November 27, 2012 until September 29, 2014; of PSNH, WMECO and Yankee Gas from January 17, 2005 until September 29, 2014; and of CL&P from September 10, 2001 until September 29, 2014. He has served as a Director of Eversource Energy Foundation, Inc. since April 1, 2006. Mr. Olivier has served as a Trustee of the NSTAR Foundation since April 10, 2012.

Werner J. Schweiger. Mr. Schweiger has served as Executive Vice President and Chief Operating Officer of Eversource Energy since September 2, 2014; of Eversource Service since August 11, 2014; and as Chief Executive Officer of CL&P, NSTAR Electric, NSTAR Gas, PSNH and Yankee Gas since August 11, 2014. Mr. Schweiger has served as a Director of Eversource Service, NSTAR Gas and Yankee Gas since September 29, 2014; and of CL&P, PSNH and NSTAR Electric since May 28, 2013. He previously served as Chief Executive Officer of WMECO from August 11, 2014 until December 31, 2017; as a Director of WMECO from May 28, 2013 until December 31, 2017; as President of CL&P from June 2, 2015 until June 27, 2016; as President of NSTAR Gas and Yankee Gas from September 29, 2014 until November 10, 2014; as President-Electric Distribution of Eversource Service from January 16, 2013 until August 11, 2014; as President of NSTAR Electric from April 10, 2012 until January 16, 2013; and as a Director of NSTAR Electric from November 27, 2012 until January 16, 2013. Mr. Schweiger has served as a Director of Eversource Energy Foundation, Inc. since September 29, 2014. He has served as a Trustee of the NSTAR Foundation since September 29, 2014.

Jay S. Buth. Mr. Buth has served as Vice President, Controller and Chief Accounting Officer of Eversource Energy, CL&P, NSTAR Electric, NSTAR Gas, PSNH, Yankee Gas and Eversource Service since April 10, 2012. Previously, Mr. Buth served as Vice President, Controller and Chief Accounting Officer of WMECO from April 10, 2012 until December 31, 2017; and as Vice President-Accounting and Controller of Eversource Energy, CL&P, PSNH, WMECO, Yankee Gas and Eversource Service from June 9, 2009 until April 10, 2012.

There are no family relationships between any director or executive officer and any other trustee, director or executive officer of Eversource Energy or CL&P and none of the above executive officers or directors serves as an executive officer or director pursuant to any agreement or understanding with any other person. Our executive officers hold the offices set forth opposite their names until the next annual meeting of the Board of Trustees, in the case of Eversource Energy, and the Board of Directors, in the case of CL&P, and until their successors have been elected and qualified.

CL&P obtains audit services from the independent registered public accounting firm engaged by the Audit Committee of Eversource Energy's Board of Trustees. CL&P does not have its own audit committee or, accordingly, an audit committee financial expert. CL&P relies on Eversource Energy's audit committee and the audit committee financial expert.

CODE OF ETHICS AND CODE OF BUSINESS CONDUCT

Each of Eversource Energy, CL&P, NSTAR Electric, and PSNH has adopted a Code of Ethics for Senior Financial Officers (Chief Executive Officer, Chief Financial Officer and Controller) and the Code of Business Conduct, which are applicable to all Trustees, directors, officers, employees, contractors and agents of Eversource Energy, CL&P, NSTAR Electric and PSNH. The Code of Ethics and the Code of Business Conduct have both been posted on the Eversource Energy web site and are available at www.eversource.com/Content/general/about/investors/corporate-governance on the Internet. Any amendments to or waivers from the Code of Ethics and Code of Business Conduct for executive officers, directors or Trustees will be posted on the website. Any such amendment or waiver would require the prior consent of the Board of Trustees or an applicable committee thereof.

Printed copies of the Code of Ethics and the Code of Business Conduct are also available to any shareholder without charge upon written request mailed to:

Richard J. Morrison
Secretary
Eversource Energy
800 Boylston Street, 17th Floor
Boston, Massachusetts 02199-7050

Item 11. Executive Compensation

Eversource Energy

The information required by this Item 11 for Eversource Energy is incorporated herein by reference to certain information contained in Eversource Energy's definitive proxy statement for solicitation of proxies, which is expected to be filed with the SEC on or about March 23, 2018, under the sections captioned "Compensation Discussion and Analysis," plus related subsections, and "Compensation Committee Report," plus related subsections following such Report.

NSTAR ELECTRIC and PSNH

Certain information required by this Item 11 has been omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly-Owned Subsidiaries.

CL&P

The information in this Item 11 relates solely to CL&P.

COMPENSATION DISCUSSION AND ANALYSIS

CL&P is a wholly-owned subsidiary of Eversource Energy. Its board of directors consists entirely of executive officers of Eversource Energy system companies. CL&P does not have a compensation committee, and the Compensation Committee of Eversource Energy's Board of Trustees determines compensation for the executive officers of CL&P, including their salaries, annual incentive awards and long-term incentive awards. All of CL&P's "Named Executive Officers," as defined below, also serve as officers of Eversource Energy and one or more other subsidiaries of Eversource Energy. Compensation set by the Compensation Committee of Eversource Energy (the "Committee") and set forth herein is for services rendered to Eversource Energy and its subsidiaries by such officers in all capacities.

This Compensation Discussion and Analysis ("CD&A") provides information about the principles behind Eversource Energy's compensation objectives, plans, policies and actions for the Named Executive Officers. The discussion describes the specific components of Eversource Energy's compensation program, how Eversource Energy measures performance, and how the compensation principles were applied to compensation awards and decisions that were made by the Compensation Committee for the Named Executive Officers, as presented in the tables and narratives that follow. While this discussion focuses primarily on 2017 information, it also addresses decisions that were made in prior periods to the extent that these decisions are relevant to the full understanding of the compensation program and the specific awards that were made for performance through 2017. The CD&A also contains a summary of 2017 performance, an assessment of the performance and the compensation awards made by the Compensation Committee, and other information relating to Eversource's compensation program, including:

- Pay for Performance Philosophy
- Executive Compensation Governance
- The Named Executive Officers
- Overview of the Compensation Program
- Market Analysis
- Elements of 2017 Compensation
- 2017 Annual Incentive Program
- 2017 Assessment of Financial and Operational Performance
- Performance Goal Assessment Matrix
- Description of the Long-Term Incentive Program, Grants and Performance Plan Results
- Disclosure of the:
 - Clawback and No Hedging and No Pledging Policies
 - Share Ownership Guidelines
 - Other Benefits
- Contractual Agreements
- Tax and Accounting Considerations
- Equity Grant Practices

Summary of 2017 Performance

In 2017, Eversource Energy achieved very positive overall financial and operational performance results. The following is a summary of some of the most important accomplishments in 2017:

2017 Financial Accomplishments

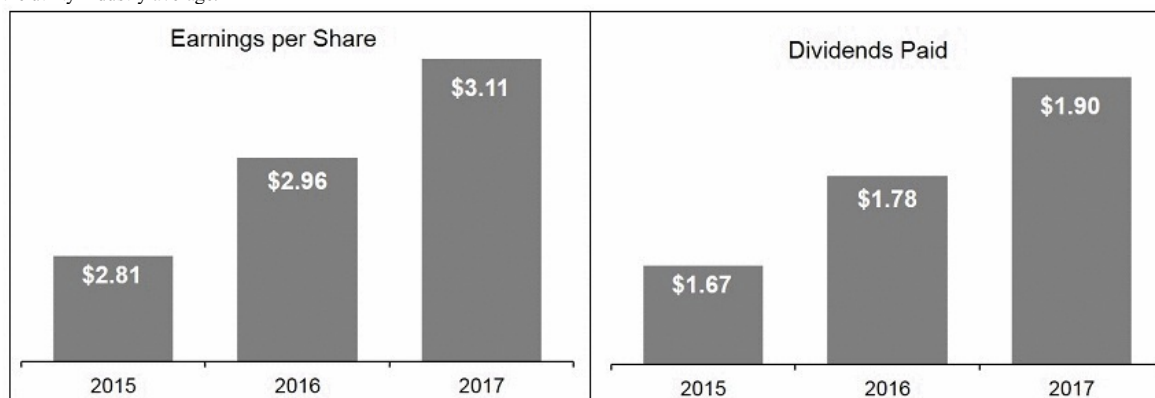
- Eversource's earnings grew by 5.1 percent in 2017, exceeding the established goal. 2017 earnings were \$3.11 per share.
- Eversource's total shareholder return in 2017 was 18 percent, comparing favorably to the industry return of 11.7 percent, and over the longer term, Eversource's stock performance continued to outperform the industry. This marks the eighth time in nine years that Eversource achieved a double-digit total shareholder return. Only two other companies within the Edison Electric Institute ("EEI") index of 43 utility companies have accomplished this.
- Eversource increased its 2017 dividend to \$1.90 per share, a 6.7 percent increase over 2016, continuing to significantly outperform the dividend growth rate of the EEI Index companies.

- Standard & Poor's ("S&P") raised Eversource's credit rating from A to A+. It remains the highest holding company S&P credit rating in the industry, by two credit notches.
- Eversource continued to successfully achieve operations and maintenance expense reductions in 2017, and total utility operations and maintenance expenses were \$14 million under budget.
- Eversource became the only electric utility in the country to add a water utility as an additional line of business through the purchase of Aquarion Water Company. Participating in a highly competitive auction process, Eversource negotiated a purchase agreement, received regulatory approvals in three states within five months, and closed the transaction in early December 2017, creating a new, complementary, growth-oriented business line.

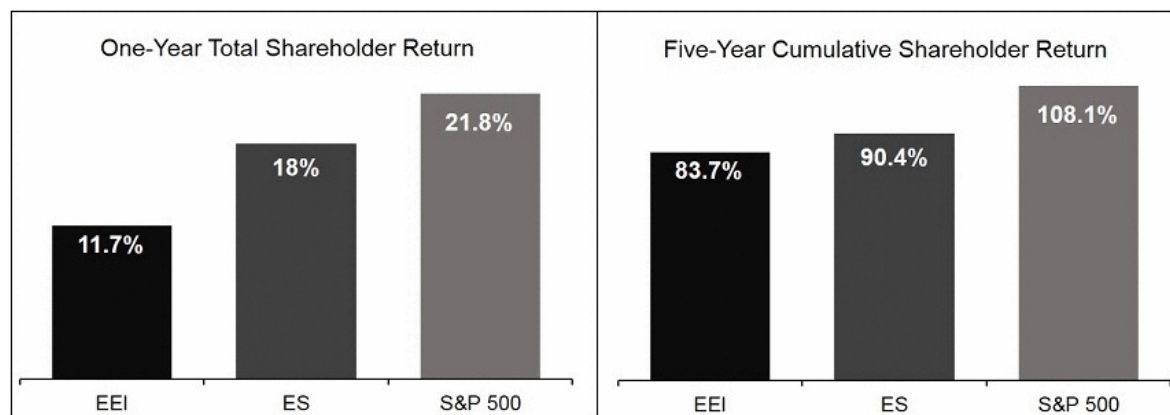
Set forth below is information relating to key financial metrics over the past three to five years.

Earnings Growth. Eversource's 2015 - 2017 recurring earnings per share have grown 5.5 percent on average, consistent with long-term earnings guidance and above the utility industry average. Recurring earnings per share, presented below for 2015 exclude merger-related costs. A reconciliation between reported 2015 earnings per share and the recurring earnings per share presented below appears under the caption entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview" in this Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Dividend Growth. As a result of continuing strong earnings growth, Eversource's Board of Trustees increased the annual dividend rate by 6.7 percent for 2017 to \$1.90 per share, which exceeds the EEI Index companies' median dividend growth rate of 4.8 percent. The dividend growth rate for the period 2015 - 2017 has averaged 6.6 percent, well ahead of the utility industry average.



Total Shareholder Return. Eversource's Total Shareholder Return in 2017 was 18 percent, compared to the 11.7 percent growth of the EEI Index companies and 21.8 percent for the S&P 500. Eversource also outperformed the EEI Index companies over 2013 - 2017. An investment of \$1,000 in Eversource common shares at the beginning of the five-year period beginning January 1, 2013 was worth \$1,904 on December 31, 2017. The following charts represent the comparative one- and five-year total shareholder returns for the periods ending December 31, 2017, respectively:



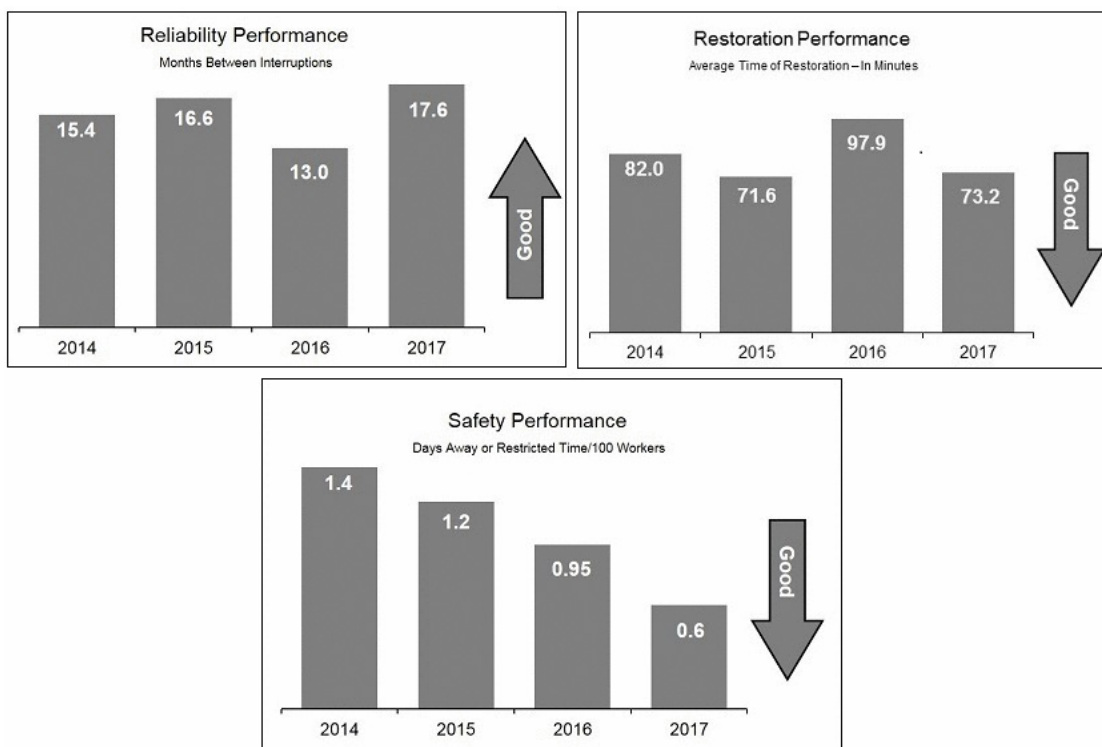
2017 Operational Accomplishments

- Eversource's overall electric system reliability performance in 2017 was its best ever; on average, customer power interruptions were 17.6 months apart, and average restoration time was 73.2 minutes. Eversource's performance ranks in the first quartile of the industry.
- Eversource's Massachusetts electric and gas distribution companies each met or exceeded Service Quality Index performance targets established by regulators in Massachusetts, which is the only state in Eversource's service territory that has such performance targets.
- Eversource exceeded its established targets in safety performance and response to gas service calls. Eversource's safety performance, which is measured by Days Away or Restricted Time ("DART"), was its best ever, and in the first quartile of the industry.
- Eversource added more than 10,000 new gas customers for the fifth consecutive year, exceeded its gas emergency response rate target, and received its highest satisfaction rating (93 percent) for new customer connections.
- Eversource exceeded the target of having 37 percent of new hires and promotions within the supervisor and above management group be women or persons of color.
- Eversource achieved very constructive regulatory outcomes, including the sale of its New Hampshire fossil generation assets, receiving a constructive rate order for its Massachusetts electric companies, and successfully resolving a complex and significant dispute regarding an underwater electric cable with federal agencies and the Massachusetts Water Resources Authority.
- Eversource continues to operate its electric and gas systems well. This is the result of the continuing implementation of best practices, focusing on investments in reliability improvements to reduce the number and length of outages, and performing work safely each and every day.

Set forth below is information relating to key operational metrics over the past four years.

Reliability. Electric System Reliability, which is measured by months between interruptions and average time to restore power, was in the first quartile of the industry, with its best results ever for the lowest number and frequency of interruptions.

Safety. Safety performance, measured by DART per 100 workers, improved significantly; performance was in the first quartile and the best ever performance for Eversource.



Achievement of the 2017 performance goals, additional accomplishments and the Compensation Committee's assessment of the performance of Eversource and its executives are more fully described in the section titled "2016 Annual Incentive Program." Specific decisions regarding executive compensation based upon the Committee's assessment of the performance of Eversource and its executives and market data are also described below.

Pay for Performance

The Committee links the Named Executive Officers' compensation to performance that will ultimately benefit Eversource's customers and shareholders. Eversource's compensation program is intended to attract and retain the best executive talent in the industry, motivate its executives to meet or exceed specific stretch financial and operational goals each year, and compensate its executives in a manner that aligns compensation directly with performance. Eversource strives to provide executives with base salary, performance-based annual incentive compensation, and performance-based long-term incentive compensation opportunities that are competitive with market practices and that reward excellent performance.

Executive Compensation Governance

What Eversource DOES:

- ✓ Pay for Performance
- ✓ Share ownership and holding guidelines
- ✓ Clawback policy of incentive compensation for willful non-compliance by any employee
- ✓ Double-trigger change in control vesting provisions
- ✓ Independent compensation consultant
- ✓ Annual Say-on-Pay Vote

What Eversource DOESN'T do:

- ✗ No tax gross-ups in any new or materially amended executive compensation agreements
- ✗ No hedging, pledging or similar transactions by Eversource executives and Trustees
- ✗ No repricing of options
- ✗ No liberal share recycling in the Incentive Plan

- Eversource's executive and Trustee share ownership and holding guidelines noted in this CD&A emphasize the importance of aligning management and governance with shareholders. Under the share ownership guidelines, which require Eversource's Chief Executive Officer to hold shares equal to six times base salary, Eversource requires its executives to hold 100 percent of the shares awarded under the stock compensation program until the share ownership guidelines have been met.
- Eversource's new Incentive Plan includes a clawback provision that requires its executives and other participants to reimburse Eversource for incentive compensation received, not only if earnings were subsequently required to be restated as a result of noncompliance with accounting rules caused by fraud or misconduct, but also if there had been a material violation of the Code of Business Conduct or material breach of a covenant in an employment agreement. The Plan also imposes limits on awards and on Eversource Trustee compensation, and prohibits repricing of awards and liberal share recycling.
- Eversource has discontinued the use of "gross-ups" in all new or materially amended executive compensation agreements.
- Eversource has a "no hedging and no pledging" policy that prohibits Eversource Trustees and executives from purchasing financial instruments or otherwise entering into any transactions that are designed to have the effect of hedging or offsetting any decrease in the market value of Eversource common shares. This policy also prohibits all pledges, derivative transactions or short sales involving Eversource common shares or the holding of any Eversource common shares in a margin account.
- Employment agreements with executives and the Incentive Plan provide for "double-trigger" change in control acceleration of compensation.
- The Compensation Committee annually assesses the independence of its compensation consultant, Pay Governance LLC ("Pay Governance"), which is retained directly by the Committee. Pay Governance performs no other consulting nor provides services for Eversource, and has no relationship with Eversource that could result in a conflict of interest. At its February 7, 2018 meeting, the Committee concluded that Pay Governance is independent and that no conflict of interest exists between Pay Governance and Eversource.

Named Executive Officers

The executive officers of CL&P listed in the Summary Compensation Table and whose compensation is discussed in this Item 11 are referred to as the "Named Executive Officers" or "NEOs" under SEC regulations. For 2017, CL&P's Named Executive Officers are:

- James J. Judge, Chairman, President and Chief Executive Officer of Eversource Energy and Chairman of the Board of CL&P
- Philip J. Lembo, Executive Vice President and Chief Financial Officer of Eversource Energy and CL&P
- Werner J. Schweiger, Executive Vice President and Chief Operating Officer of Eversource Energy and Chief Executive Officer of CL&P
- Gregory B. Butler, Executive Vice President and General Counsel of Eversource Energy and CL&P
- Joseph R. Nolan, Jr., Executive Vice President - Customer and Corporate Relations of Eversource Energy and Eversource Service

Overview of the Compensation Program

The Role of the Compensation Committee. The Eversource Board of Trustees has delegated to the Compensation Committee overall responsibility for establishing the compensation program for those senior executive officers, who are referred to in this CD&A as "executives" and whom are deemed to be "officers" under the SEC's regulations that determine the persons whose compensation is subject to disclosure. In this role, the Committee sets compensation policy and compensation levels, reviews and approves performance goals and evaluates executive performance. Although this discussion and analysis refers principally to compensation for the Named Executive Officers, the same compensation principles and practices apply to all executives. The compensation of Eversource's Chief Executive Officer is subject to the further review and approval of the independent Eversource Trustees.

Elements of Compensation. Total direct compensation consists of three elements: base salary, annual cash incentive awards and long-term equity-based incentive awards. Indirect compensation is provided through certain retirement, perquisite, severance, and health and welfare benefit programs.

Eversource's Compensation Objectives. The objectives of Eversource's compensation program are to attract and retain superior executive talent, motivate executives to achieve annual and long-term performance goals set each year, and provide total compensation opportunities that are competitive with market practices. With respect to incentive compensation, the Committee believes it is important to balance short-term goals, such as producing earnings, with longer-term goals, such as long-term value creation and maintaining a strong balance sheet. The Committee also places great emphasis on system reliability and good customer service. Eversource's compensation program utilizes performance-based incentive compensation to reward individual and corporate performance and to align the interests of executives with Eversource's customers and shareholders. The Committee continually increases expectations to motivate executives and employees to achieve continuous improvement in carrying out their responsibilities to customers to deliver energy reliably, safely, with respect for the environment and employees, and at a reasonable cost, while providing an above-average total shareholder return to Eversource shareholders.

Setting Compensation Levels. To ensure that Eversource achieves its goal of providing market-based compensation levels to attract and retain top quality management, the Committee provides executives with target compensation opportunities approximately equal to median compensation levels for executive officers of companies in the utility industry comparable to Eversource in size. To achieve that goal, the Committee and its independent compensation consultant work together to determine the market values of executive direct compensation elements (base salaries, annual incentives and long-term incentives), as well as total compensation, by using competitive market compensation data. The Committee reviews competitive compensation data obtained from utility and general industry surveys and a specific group of peer utility companies. Levels may be lower than median for those executives who are new to their roles, while long-tenured, high performing executives may be compensated above median. The review by Pay Governance performed in late 2017 indicated that Eversource's aggregate executive compensation levels were aligned with median market rates.

Role of the Compensation Consultant. The Committee has retained Pay Governance as its independent compensation consultant. Pay Governance reports directly to the Committee and does not provide any other services to Eversource. With the consent of the Committee, Pay Governance works cooperatively with Eversource's management to develop analyses and proposals for presentation to the Committee. The Committee generally relies on Pay Governance for peer group market data and information as to market practices and trends to assess the competitiveness of the compensation Eversource pays to its executives and to review the Committee's proposed compensation decisions.

Pay Governance Independence. In February 2018, the Committee assessed the independence of Pay Governance pursuant to SEC and NYSE rules, and concluded that it is independent and that no conflict of interest exists that would prevent Pay Governance from independently advising the Committee. In making this assessment, the Committee considered the independence factors enumerated in Rule 10C-1(b) under the Securities Exchange Act of 1934, including the written representations of Pay Governance that Pay Governance does not provide any other services to Eversource, the level of fees received from Eversource as a percentage of Pay Governance's total revenues, the policies and procedures employed by Pay Governance to prevent conflicts of interest, and whether the individual Pay Governance advisers with whom the Committee consulted own any Eversource common shares or have any business or personal relationships with members of the Committee or the Eversource executives.

Role of Management. The role of Eversource's management, and specifically the roles of Eversource's Chief Executive Officer and the Executive Vice President of Human Resources and Information Technology, are to provide current compensation information to the compensation consultant and analyses and recommendations on executive compensation to the Committee based on the market value of the position, individual performance, experience and internal pay equity. Eversource's Chief Executive Officer also provides recommendations on

the compensation for the other Named Executive Officers. None of the executives makes recommendations that affect his or her individual compensation.

MARKET ANALYSIS

The Compensation Committee seeks to provide executives with target compensation opportunities using a range that is approximately equal to the median compensation levels for executive officers of utility companies comparable to Eversource. Set forth below is a description of the sources of the compensation data used by the Committee when reviewing 2017 compensation:

- **Utility and general industry compensation survey data.** The Committee reviews compensation information obtained from surveys of diverse groups of utility and general industry companies that represent Eversource's market for executive officer talent. Utility industry data serve as the primary reference point for benchmarking officer compensation and are based on a defined peer set, as discussed below, while general industry data is derived from compensation consultant surveys and serves as a secondary reference point. General industry data are used for staff positions and are size-adjusted to ensure a close correlation between the market data and Eversource's scope of operations. The Committee used this information, which it obtained from Pay Governance, to evaluate and determine base salaries and incentive opportunities.
- **Peer group data.** In support of executive pay decisions during 2017 and early 2018, the Committee consulted with Pay Governance, which provided the Committee with a competitive assessment analysis of Eversource's executive compensation levels, as compared to the 20 peer group companies listed in the table below. This peer group was chosen because these companies are and continue to be similar to Eversource Energy in terms of size, business model and long-term strategies.

Alliant Energy Corporation	DTE Energy Company	PPL Corporation
Ameren Corporation	Edison International	Public Service Enterprise Group, Inc.
American Electric Power Co., Inc.	Entergy Corporation	SCANA Corp.
CenterPoint Energy, Inc.	FirstEnergy Corp.	Sempra Energy
CMS Energy Corp.	NiSource Inc.	WEC Energy Group, Inc.
Consolidated Edison, Inc.	PG&E Corporation	Xcel Energy Inc.
Dominion Resources, Inc.	Pinnacle West Capital Corporation	

The Committee reviews the appropriateness of the peer group periodically and adjusts the target percentages of annual and long-term incentives based on the survey data and recommendations from Eversource's CEO, after discussion with the compensation consultant to ensure that they are approximately equal to competitive median levels.

The Committee also determines perquisites to the extent they serve business purposes, and sets supplemental benefits at levels that provide appropriate compensation opportunities to the executives. The Committee periodically reviews the general market for supplemental benefits and perquisites using utility and general industry survey data, including data obtained from companies in the peer group.

Mix of Compensation Elements. Eversource targets the mix of compensation for its Chief Executive Officer and the other Named Executive Officers so that the percentages of each compensation element are approximately equal to the competitive median market mix. The mix is heavily weighted toward incentive compensation, and incentive compensation is heavily weighted toward long-term compensation. Since the most senior positions have the greatest responsibility for implementing the long-term business plans and strategies, a greater proportion of total compensation is based on performance with a long-term focus.

The Committee determines the compensation for each executive based on the relative authority, duties and responsibilities of the executive. Eversource's Chief Executive Officer's responsibilities for the strategic direction and daily operations and management of Eversource are greater than the duties and responsibilities of the other executives. As a result, Eversource's Chief Executive Officer's compensation is higher than the compensation of these other executives. Assisted by the compensation consultant, the Committee regularly reviews market compensation data for executive officer positions similar to those held by Eversource's executives, including its Chief Executive Officer.

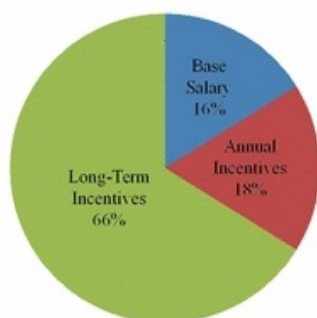
The following table sets forth the contribution to 2017 Total Direct Compensation ("TDC") of each element of compensation at target, reflected as a percentage of TDC, for the Named Executive Officers. The percentages shown in this table are at target and therefore do not correspond to the amounts appearing in the Summary Compensation Table.

Named Executive Officer	Percentage of TDC at Target				
	Base Salary	Annual Incentive ⁽¹⁾	Long-Term Incentives		
			Performance Shares ⁽¹⁾	RSUs ⁽²⁾	TDC
James J. Judge	16	18	33	33	100
Philip J. Lembo	26	20	27	27	100
Werner J. Schweiger	26	20	27	27	100
Gregory B. Butler	30	20	25	25	100
Joseph R. Nolan, Jr.	30	20	25	25	100
NEO average, excluding CEO	28	20	26	26	100

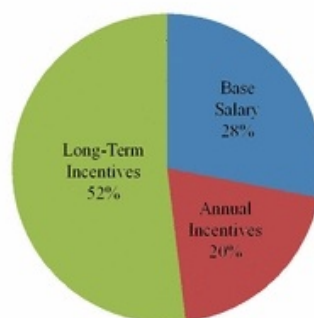
(1) The annual incentive compensation element and performance shares under the long-term incentive compensation element are performance-based.

(2) Restricted Share Units (RSUs) vest over three years contingent upon continued employment.

Total Direct Compensation - CEO



Total Direct Compensation - All other NEO's



Risk Analysis of Executive Compensation Program. The overall compensation program includes a mix of compensation elements ranging from a fixed base salary that is not at risk, to annual and long-term incentive compensation programs intended to motivate officers and eligible employees to achieve individual and corporate performance goals that reflect an appropriate level of risk. The fundamental objective of the compensation program is to foster the continued growth and success of Eversource's business. The design and implementation of the overall compensation program provides the Committee with opportunities throughout the year to assess risks within the compensation program that may have a material effect on the Eversource and its shareholders.

The Compensation Committee assesses the risks associated with the executive compensation program on an on-going basis by reviewing the various elements of incentive compensation. The annual incentive program was designed to ensure an appropriate balance between individual and corporate goals, which were deemed appropriate and supportive of Eversource's annual business plan. Similarly, the long-term incentive program was designed to ensure that the performance metrics were properly weighted and supportive of Eversource's strategic plan. The Committee reviewed the overall compensation program in the context of the annual operating and strategic plans, which were both previously subject to review by Eversource's Enterprise Risk Management and Risk Committees.

The annual and long-term incentive programs were designed to include mechanisms to mitigate risk. These mechanisms include realistic goal setting and discretion with respect to actual payments, in addition to:

- A mix of annual and long-term performance awards to provide an appropriate balance of short- and long-term risk and reward horizon;
- A variety of performance metrics, including financial, operational, customer service, diversity and safety goals and other strategic initiatives for annual performance awards to avoid excessive focus on a single measure of performance;
- Metrics in the Eversource's long-term incentive compensation program that use earnings per share and total shareholder return, which are both robust measures of shareholder value and which reduce the risk that employees might be encouraged to pursue other objectives that increase risk or reduce financial performance;

- The provisions of Eversource's annual and long-term incentive programs, which cap awards at 200 percent of target;
- Clawback provisions on incentive compensation; and
- Stock ownership requirements for all executives, including the Named Executive Officers, and prohibitions on hedging, pledging and other derivative transactions related to Eversource common shares.

Based on these factors, the Compensation Committee and Eversource's Board of Trustees believe the overall compensation program risks are mitigated to reduce overall compensation risk.

Results of Eversource's 2017 Say-on-Pay Vote. Eversource provides its shareholders with the required opportunity to cast the annual advisory vote on executive compensation (a "Say-on-Pay" proposal). At the Eversource Annual Meeting of Shareholders held on May 3, 2017, 89 percent of the votes cast on the Say-on-Pay proposal were voted to approve the 2016 compensation of the Named Executive Officers, as described in Eversource's 2017 proxy statement. Eversource's Say-on-Pay results, along with utility and general industry peers, are reviewed with the Committee annually to help assess whether Eversource shareholders continue to deem the executive compensation to be appropriate. The Committee has and will continue to consider the outcome of Eversource's Say-on-Pay votes when making future compensation decisions for the Named Executive Officers.

ELEMENTS OF 2017 COMPENSATION

Base Salary

Base salary is designed to attract and retain key executives by providing an element of total compensation at levels competitive with those of other executives employed by companies of similar size and complexity in the utility and general industries. In establishing base salary, the Compensation Committee relies on compensation data obtained from independent third-party surveys of companies and from an industry peer group to ensure that the compensation opportunities Eversource offers are capable of attracting and retaining executives with the experience and talent required to achieve its strategic objectives. Adjustments to base salaries are made on an annual basis except in instances of promotions.

When setting or adjusting base salaries, the Committee considers annual executive performance appraisals; market pay movement across industries (determined through market analysis); targeted market pay positioning for each executive; individual experience; strategic importance of a position; recommendations of Eversource's Chief Executive Officer; and internal equity.

Incentive Compensation

Annual incentive and long-term incentive compensation are provided under Eversource's Incentive Plan. The annual incentive program provides cash compensation intended to reward performance under Eversource's annual operating plan. The long-term stock-based incentive program is designed to reward demonstrated performance and leadership, motivate future performance, align the interests of the executives with those of shareholders, and retain the executives during the term of grants. The annual and long-term programs are designed to strike a balance between Eversource's short- and long-term objectives so that the programs work in tandem.

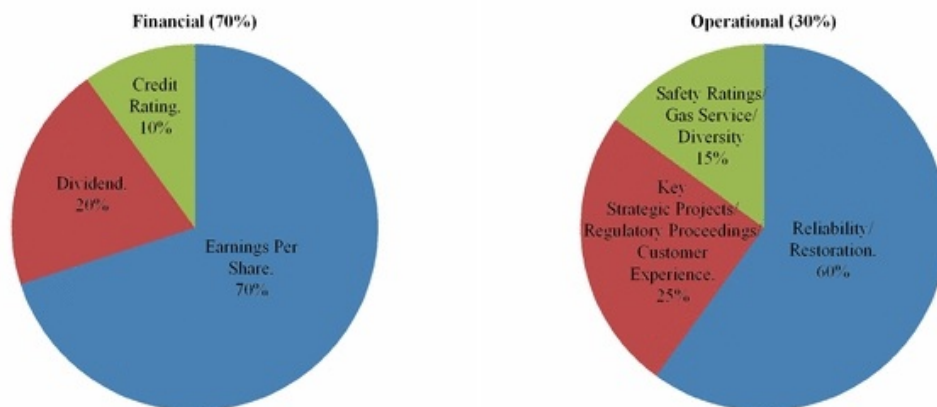
In addition to the specific performance goals, the Committee assesses other factors as well as the executives' roles and individual performance and then makes annual incentive program awards at the levels and amounts disclosed in this Item 11.

2017 ANNUAL INCENTIVE PROGRAM

In February 2017, the Committee established the terms of the 2017 Annual Incentive Program. As part of the overall program, and after consulting with Pay Governance, the Committee set target award levels for each of the Named Executive Officers that ranged from 65 percent to 115 percent of base salary.

At the February 2017 meeting, the Committee determined that for 2017 it would continue to base 70 percent of the annual incentive performance goals on Eversource's overall financial performance and 30 percent of the annual performance goals on Eversource's overall operational performance. The Committee also determined the specific goals that would be used to assess performance, with potential ratings on each goal ranging from 0 percent to 200 percent of target. The Committee assigned weightings to each of these specific goals. For the financial component, the following goals were used: earnings per share, weighted at 70 percent, dividend growth goal, weighted at 20 percent, and credit rating, weighted at 10 percent. For the operational component, the Committee used the following goals: combined service reliability and restoration goals, weighted at 60 percent; combined key strategic regional energy projects, success in regulatory outcomes and improvement of the customer experience goals, weighted at 25 percent; and combined safety ratings, gas service response and diversity promotions and hires of leadership employee positions goals, weighted at 15 percent.

2017 Performance Goals



At the December 2017 meeting of the Committee, management provided an initial review of Eversource's 2017 performance, followed in February 2018 by a full assessment of the performance goals, the additional accomplishments noted below under the caption "Additional Factors" and the overall performance of Eversource and the executives. In addition to these meetings, the Committee and the Eversource Board were continuously provided updates during 2017 on corporate performance. At the February 2018 meeting, the Committee determined, based on its assessment of the financial and operational performance goals, to set the level of achievement of combined financial and operational performance goals results at 160 percent of target, reflecting the overall strong performance of Eversource and the executive team. In arriving at this determination, the Committee determined that the financial performance goals result was 161 percent of target and the operational performance goals result was 155 percent of target. The individual financial and operational performance goals results are as set forth below. Eversource's Chief Executive Officer recommended to the Committee payout levels for the executives (other than himself) based on his assessment of each executive's individual performance towards achievement of the performance goals and the additional accomplishments of Eversource, together with each executive's contributions to the overall performance of Eversource. The awards determined by the Committee were also based on the same three-component criteria.

Financial Performance Goals Assessment

- Eversource Energy's earnings per share in 2017 increased by 5.1 percent over 2016 and exceeded the established goal of \$3.10; 2017 earnings equaled \$3.11 per share. Eversource exceeded the earnings goal despite several significant challenges, including higher than anticipated storm costs and lower sales in 2017, which resulted in significantly lower than expected revenues of nearly \$40 million. In a demanding operating environment, Eversource reduced costs to mitigate these challenges. The Committee determined the earnings per share goal to have attained a 155 percent performance result.
- Eversource Energy increased its dividend to \$1.90 per share, a 6.7 percent increase from the prior year, compared to the utility industry's median dividend growth of 4.8 percent. The Committee determined this goal to have attained a 160 percent performance.
- S&P raised Eversource's credit rating in December 2017 to A+. This rating represents the highest S&P holding company credit rating in the utility industry, and continues to provide the foundation for favorable financing opportunities. The industry average credit rating at S&P is "BBB+." The Committee determined this goal to have attained a 200 percent performance result.

Operational Performance Goals Assessment

- Eversource's total electric system reliability performance exceeded targeted performance and was its best ever. Average months between interruptions equaled 17.6 months, near the highest end of the performance zone established by the Committee of 15 to 18 months and in the first quartile of industry peers. System average restoration duration time equaled 73.2 minutes, well within the performance zone established by the Committee of 76 to 63 minutes and also in the first quartile of industry peers. The Committee determined these goals to have each attained a 175 percent performance result.
- Eversource exceeded the safety performance goal of between 0.9 - 1.2 DART per 1,000 employees; DART equaled 0.6 in 2017, the best performance in Eversource's history and also industry first quartile performance. The Committee determined this goal to have attained a 200 percent performance result.
- On-time response to gas customer emergency calls was 99.6 percent, which exceeded the goal of 99.1 percent and was also first quartile versus industry peers. The Committee determined this goal to have attained a 125 percent performance result.

- In 2017, 37.5 percent of new hires and promotions into leadership roles were women or people of color, slightly ahead of the goal of 37 percent. The Committee determined this goal to have attained a 100 percent performance result.
- Eversource successfully expanded the functionality of its customer website and outage communication systems and strengthened media outreach efforts. The Committee determined this goal to have attained a 75 percent performance result.
- Eversource achieved several constructive regulatory outcomes in each of the three states in which it provides service. These included the sale of the New Hampshire fossil generation assets, a constructive Massachusetts rate case approval, and a settlement agreement to for approval with the Connecticut Public Utility Authority in connection with a previous filed rate review. The Committee determined this goal to have attained a 200 percent performance result.
- While Eversource made substantial progress on its major ongoing strategic projects in 2017, it encountered a significant setback on its Northern Pass Transmission project in early 2018, when the New Hampshire Site Evaluation Committee rejected the project. Eversource continues to work on a path forward. Bay State Wind received approval of a Site Assessment Plan from the U.S. government, the first off-shore wind project to do so. Eversource is awaiting a decision on Bay State Wind's off-shore wind proposal bid to the Massachusetts Clean Energy request for proposal. The Access Northeast gas pipeline project received an adverse court decision in 2017 relating to the ability to secure supply contracts. Eversource is reconfiguring the project in light of this decision. Eversource is the only electric utility in the country to add a water utility as an additional line of business through the purchase of Aquarion Water Company. Participating in a highly competitive auction process, Eversource negotiated a purchase agreement, received regulatory approvals in three states within five months, and completed the acquisition in December, adding a new, complementary and growth-oriented business line. The Committee determined this goal to have attained a 75 percent performance result.

Financial Performance Goals

Category	2017 Goal	Eversource Performance	Indicative Assessment
Earnings Per Share	\$3.10 per share	Exceeded: \$3.11 per share, a 5.1% increase over 2016, significantly outperforming industry average growth of nearly 4%	155%
Dividend Growth	Increase dividend \$0.12 to \$1.90 per share	Achieved: Increased to \$1.90 per share, a \$0.12 increase and 6.7% growth, significantly exceeding the industry median of 4.8%	160%
Credit Rating	Maintain Eversource's top tier Standard & Poor's (S&P) "A" credit rating	Exceeded: S&P rating raised to "A+", the highest holding company credit rating in the utility industry by two notches	200%
Weightings = Earnings per share: 70%; Dividend growth: 20%; Credit rating: 10%			

Operational Performance Goals

Category	2017 Goal	Eversource Performance	Indicative Assessment
Reliability - Avg. Months Between Interruptions ("MBI")	Achieve MBI of within 15 to 18 months	Exceeded: MBI = 17.6 months. At the top of targeted performance zone, and first quartile vs. industry peers and best ever performance	175%
Average Restoration Duration ("SAIDI")	Achieve SAIDI of 76 to 63 minutes	Achieved: SAIDI = 73.2 minutes. Within targeted performance and first quartile vs. industry peers	175%
Safety Rate	0.9 - 1.2 Days Away/Restricted Time	Exceeded: 0.6 DART Best year ever for safety; performance exceeded target range and was first quartile in industry	200%
Gas Service Response	99.1%	Exceeded: 99.6%; also achieved all regulatory mandated targets and response was at first quartile vs. industry peers' performance	125%
Diverse Leadership	37% hires or promotions of leadership level be women or people of color	Exceeded: 37.5%, 0.5 percentage points above target	100%
Improve the Customer Experience	Customer billing improvements, enhanced communications, improved digital experience and community support	Partially Achieved: Improvements made as planned in digital offerings and enhanced outage communications. Customer satisfaction scores below expectations	75%
Positive Regulatory Outcomes - Divestiture and State rate activity	Successfully complete the generation assets sale and constructive rate case results	Exceeded: Successfully completed N.H. Generation Divestiture and the MA Rate Case. CT Rate Case was filed and a settlement agreement was reached and filed with PURA for approval	200%
Positive Outcomes on Key Strategic Initiatives	Major strategic initiatives	Partially Achieved: Aquarion Water Company purchase completed. Bay State Wind making good progress. NPT was selected by Massachusetts in the State's clean energy RFP and progressed through several key siting approvals but was denied approval by New Hampshire Site Evaluation Committee. Access Northeast reconfiguring in light of adverse court decision.	75%
Weightings = Reliability and Restoration: 60%; Key corporate initiatives: 25%; Safety/Gas service/Diversity: 15%			

Performance Goals Assessment

Financial Performance at 161% (weighted 70%)	113%
Operational Performance at 155% (weighted 30%)	47%
Overall Performance	160%

Additional Factors

The following key strategic, environmental and customer-focused results were also considered significant by the Committee in making an assessment of overall financial and operational performance, but were not given specific weightings or assigned a specific performance assessment score:

- Eversource resolved a long-standing dispute with federal and state agencies regarding the location of a critical underwater electric transmission line providing service to the Massachusetts Water Resources Authority.
- Eversource continued to transform and grow the natural gas delivery business. Eversource added more than 10,000 new gas customers for the fifth consecutive year and achieved its highest-level rating of 93 percent from new customers.
- Eversource was recognized as being the number one energy efficiency provider in the industry.
- Eversource is proceeding with a planned development of 18 sites in Massachusetts that will provide 62MW of solar generation and an anticipated rate base investment of \$180 million.
- Eversource received approval in its Massachusetts rate filing of \$100 million to advance energy storage and electric vehicle charging infrastructure.

Individual Performance Factors Considered by the Committee

The goal of the Committee for 2017 was again to provide incentives for Eversource executives to work together as a highly effective, integrated team to achieve or exceed the financial, operational, safety, customer, strategic and diversity goals and objectives. The Committee based the annual incentive payments on team performance and also on the Committee's assessment of each executive's individual performance in supporting the performance goals, additional achievements and overall performance of Eversource. The Committee and all other independent Eversource Trustees assessed the performance of the Chief Executive Officer and, based on the recommendations of the Chief Executive Officer as to executives other than himself, the Committee assessed the performance of the other Named Executive Officers to determine the individual incentive payments as disclosed in the Summary Compensation Table. Based on the Committee's review, which included its assessment of the performance goals, the significant other accomplishments of Eversource and the Named Executive Officers, and the overall performance of Eversource and each of the Named Executive Officers, considered in its totality by the Committee to have been excellent, the Committee approved annual incentive program payments for the Named Executive Officers at levels that ranged from 148 percent to 199 percent of target. These payments reflected the individual and team contributions of the Named Executive Officers in achieving the goals and the additional accomplishments and the overall performance of Eversource.

In determining Mr. Judge's annual incentive payment of \$2,285,000, which was 160 percent of target and which reflects his and Eversource's continued strong performance, the Committee and the Board considered the totality of Eversource's success in accomplishing the goals set by the Committee, the additional accomplishments of Eversource, and the superior leadership of Mr. Judge in every part of the business, significantly advancing Eversource towards its goal of being recognized as the Best Energy Company in the country.

2017 Annual Incentive Program Awards

Named Executive Officer	Award
James J. Judge	\$ 2,285,000
Philip J. Lembo	700,000
Werner J. Schweiger	775,000
Gregory B. Butler	625,000
Joseph R. Nolan, Jr.	680,000

Long-Term Incentive Program

General

Eversource's long-term incentive program is intended to focus on Eversource's longer-term strategic goals and to help retain its executives. A new three-year program commences every year. For the 2017 - 2019 Long-Term Incentive Program, each executive's target long-term incentive opportunity consisted of 50 percent Eversource Energy Performance Shares and 50 percent RSUs. Performance Shares are designed to reward long-term achievements as measured against pre-established performance measures. RSUs are designed to provide executives with an incentive to increase the value of Eversource common shares in alignment with shareholder interests, while also serving as a retention component for executive talent. Eversource believes these compensation elements create a focus on continued Eversource and share price growth to further align the interests of Eversource's executives with the interests of Eversource's shareholders.

Mr. Judge was elected President and Chief Executive Officer of Eversource on April 6, 2016 upon the retirement of Thomas J. May. Mr. Judge had previously served as Executive Vice President and Chief Financial Officer of Eversource until his election as President and Chief Executive Officer. Mr. Lembo was elected Executive Vice President and Chief Financial Officer of Eversource on May 4, 2016, having previously served as Vice President and Treasurer. Thus, 2017 was the first year during which the Committee made long term incentive program stock awards to Mr. Judge and Mr. Lembo in their new positions of President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively. The grant date fair values of Mr. Judge's and Mr. Lembo's 2017 stock awards under the 2017 long term incentive program were \$5,504,904 and \$1,314,086, respectively, compared to their 2016 awards of \$1,382,021 and \$212,300 respectively.

Performance Share Grants

General

Performance Shares are designed to reward future financial performance, measured by long-term earnings growth and shareholder returns over a three-year performance period, therefore aligning management compensation with performance. Performance Shares are granted as a target number of Eversource common shares. The number of Performance Shares granted are determined by dividing the target grant value in dollars by the average daily closing prices of Eversource common shares on the New York Stock Exchange for the ten business days preceding the grant date and rounding to the nearest whole share. Until the end of the Performance Period, the value of dividends that would have been paid with respect to the Performance Shares had the Performance Shares been actual common shares will be deemed to be invested in additional Performance Shares, which remain at risk until actual performance for the period is determined.

Performance Shares under the 2017 - 2019 Program

For the 2017 - 2019 Program, the Committee determined it would continue to measure performance using: (i) average diluted earnings per share growth ("EPSG"); and (ii) relative total shareholder return ("TSR") measured against the performance of companies that comprise the EEI Index. As in 2016 and 2015, the Committee selected EPSG and TSR as performance measures because the Committee continues to believe that they are generally recognized as the best indicators of overall corporate performance. Further, the Committee considers it a best practice to use a combination of relative and absolute metrics, with EPS growth serving as a key input to shareholder value and TSR serving as the output.

The number of Performance Shares awarded at the end of the three-year period ranges from 0 percent to 200 percent of target, depending on EPSG and relative TSR performance as set forth in the performance matrix below. Performance Share grants are based on a percentage of annualized base salary at the time of the grant and measured in dollars. The target number of shares under the 2017 - 2019 Program ranged from 35 percent to 213 percent of base salary. For the 2017 - 2019 Program, EPSG ranges from 0 percent to 9 percent, while TSR ranges from below the 10th percentile to above the 90th percentile. The Committee determined that payout at 100 percent of target should be challenging but achievable. As a result, vesting at 100 percent of target occurs at various combinations of EPSG and TSR performance. In addition, the value of any Performance Shares that actually vest may increase or decrease over the vesting period based on Eversource's share price performance. The number of performance shares granted at target were approved as set forth in the table below. The Committee and the independent Members of the Eversource Board determined the Performance Share grants for the Chief Executive Officer. Based on input from the Chief Executive Officer, the Committee determined the Performance Share grants for each of the other executive officers, including the other Named Executive Officers.

Performance Shares under the 2016 - 2018 Program

For the 2016 - 2018 Program, the Committee used the same performance measures of EPSG and TSR and the same criteria used in the 2017 - 2019 Program described above and the 2015 - 2017 Program described below.

The performance matrix set forth below describes how the Performance Share payout will be determined under the 2016 - 2018 and 2017 - 2019 Long-Term Incentive Programs and how the Performance Share payout was determined under the 2015 - 2017 Program. Three-year average EPSG is cross-referenced with the actual three-year TSR percentile to determine actual performance share payout as a percentage of target:

2015 - 2017, 2016 - 2018 and 2017 - 2019 Long-Term Incentive Programs Performance Share Potential Payout

Three-Year Average EPS Growth	Three-Year Relative Total Shareholder Return Percentiles									
	Below 10th	20th	30th	40th	50th	60th	70th	80th	90th	Above 90th
9%	110%	120%	130%	140%	150%	160%	170%	180%	190%	200%
8%	100%	110%	120%	130%	140%	150%	160%	170%	180%	190%
7%	90%	100%	110%	120%	130%	140%	150%	160%	170%	180%
6%	80%	90%	100%	110%	120%	130%	140%	150%	160%	170%
5%	70%	80%	90%	100%	110%	120%	130%	140%	150%	160%
4%	60%	70%	80%	90%	100%	110%	120%	130%	140%	150%
3%	40%	50%	70%	80%	90%	100%	110%	120%	130%	140%
2%	20%	40%	60%	70%	80%	90%	100%	110%	120%	130%
1%	—	10%	40%	60%	70%	80%	90%	100%	110%	120%
0%	—	—	20%	30%	50%	70%	80%	90%	100%	110%
Below 0%	—	—	—	—	10%	20%	30%	40%	50%	60%

Long-Term Incentive Program Performance Share Grants at Target

Named Executive Officer	2016 - 2018 Performance Share Grant	2017 - 2019 Performance Share Grant
James J. Judge	12,004	48,259
Philip J. Lembo	1,844	11,520
Werner J. Schweiger	11,805	11,703
Gregory B. Butler	7,791	9,052
Joseph R. Nolan, Jr.	4,503	7,920

Results of the 2015 - 2017 Performance Share Program

The 2015 - 2017 Program ended on December 31, 2017. The actual performance level achieved under the Program was a three-year average adjusted EPS growth of 5.5 percent and a three-year total shareholder return at the 41st percentile, which when interpolated in accordance with the criteria established by the Committee in 2015, resulted in vesting performance shares units at 106 percent of target. This determination was made in accordance with the performance criteria approved by the Committee at the commencement of the performance period. At its February 7, 2018 meeting, the Committee confirmed that the actual results achieved were calculated in accordance with established performance criteria,

and it considered all non-recurring items in determining that the adjusted EPS was calculated in accordance with the plan documents. The number of Performance Shares awarded to the Named Executive Officers were approved as set forth in the table below.

2015 - 2017 Long-Term Incentive Program Performance Share Award

2015 – 2017 Long-Term Incentive Program Performance Share Grants at Target	
Named Executive Officer	Performance Share Grant
James J. Judge	11,436
Philip J. Lembo	1,984
Werner J. Schweiger	11,319
Gregory B. Butler	8,052
Joseph R. Nolan, Jr.	4,434

Restricted Share Units

General

Each RSU granted under the long-term incentive program entitles the holder to receive one Eversource common share at the time of vesting. All RSUs granted under the long-term incentive program vest in equal annual installments over three years. RSU holders are eligible to receive reinvested dividend units on outstanding RSUs held by them to the same extent that dividends are declared and paid on Eversource common shares. Reinvested dividend equivalents are accounted for as additional RSUs that accrue and are distributed with the common shares issued upon vesting of the underlying RSUs. Common shares, including any additional common shares in respect of reinvested dividend equivalents, are not issued for any RSUs that do not vest.

The Committee determined RSU grants for each executive officer participating in the long-term incentive program. RSU grants are based on a percentage of annualized base salary at the time of the grant and measured in dollars. In 2017, the percentage used for each executive officer was based on the executive officer's position in Eversource and ranged from 35 percent to 213 percent of base salary. The Committee reserves the right to increase or decrease the RSU grant from target for each officer under special circumstances. The Committee and all other independent members of the Eversource Board determined the RSU grants for Eversource's Chief Executive Officer. Based on input from the Chief Executive Officer, the Committee determined the RSU grants for each of the other executive officers, including the other Named Executive Officers.

All RSUs are granted on the date of the Committee meeting at which they are approved. RSU grants are subsequently converted from dollars into Eversource common share equivalents by dividing the value of each grant by the average closing price for Eversource common shares over the ten trading days prior to the date of the grant. RSU grants at 100 percent of target were approved as set forth in the table below.

Named Executive Officer	RSUs Awarded		
	2015	2016	2017
James J. Judge	9,800	12,004	48,259
Philip J. Lembo	1,700	1,844	11,520
Werner J. Schweiger	9,700	11,805	11,703
Gregory B. Butler	6,900	7,791	9,052
Joseph R. Nolan, Jr.	3,800	4,503	7,920

Clawbacks

If Eversource's earnings were to be restated as a result of noncompliance with accounting rules caused by fraud or misconduct or if a participant engages in a material violation of Eversource's Code of Business Conduct or breaches a material covenant in an employment agreement, as determined by the Eversource Board of Trustees, the participant would be required by the Eversource Incentive Plan to reimburse Eversource for certain incentive compensation received by him or her.

No Hedging and No Pledging Policy

Eversource has adopted a policy prohibiting the purchase of financial instruments or otherwise entering into transactions designed to have the effect of hedging or offsetting any decrease in the value of Eversource common shares by Eversource's Trustees and executives. This policy also prohibits all pledging, derivative transactions of short sales involving Eversource common shares or the holding of any Eversource common shares in a margin account.

Share Ownership Guidelines and Retention Requirements

The Committee has approved share ownership guidelines to further emphasize the importance of share ownership by Eversource officers. As indicated in the table below, the guidelines call for Eversource's Chief Executive Officer to own common shares equal to six times base salary, executive vice presidents to own a number of common shares equal to three times base salary, senior vice presidents to own common shares equal to two times base salary, and all other officers to own a number of common shares equal to one to one and one half times base salary.

Executive Officer	Base Salary Multiple
Chief Executive Officer	6
Executive Vice Presidents	3
Operating Company Presidents / Senior Vice Presidents	2
Vice Presidents	1 – 1.5

Eversource requires that its officers attain these ownership levels within five years. All Eversource officers, including Eversource's Named Executive Officers, have satisfied the share ownership guidelines or are expected to satisfy them within the applicable timeframe. Common shares, whether held of record, in street name, or in individual 401(k) accounts, and RSUs satisfy the guideline requirements to hold 100 percent of the net shares. Unexercised stock options and unvested performance shares do not count toward the ownership guidelines. In addition to the share ownership guidelines noted above, all officers must hold all the shares awarded under the Eversource's incentive compensation plan until the share ownership guidelines have been met.

Other

Retirement Benefits

Eversource provides a qualified defined benefit pension program for certain officers, which is a final average pay program subject to tax code limits. Because of such limits, Eversource also maintains a supplemental non-qualified pension program. Benefits are based on base salary and certain incentive payments, which is consistent with the goal of providing a retirement benefit that replaces a percentage of pre-retirement income. The supplemental program compensates for benefits barred by tax code limits, and generally provides (together with the qualified pension program) benefits equal to approximately 60 percent of pre-retirement compensation (subject to certain reductions) for Messrs. Judge, Lembo, Schweiger and Nolan, and approximately 50 percent of such compensation for Mr. Butler. The supplemental program has been discontinued for newly-elected officers.

As set forth in this CD&A, Mr. Judge and Mr. Lembo were elected to the positions of President and Chief Executive Officer and Executive Vice President and Chief Financial Officer respectively in 2016, such that 2017 was the first year that each served in his new position. Each had a resulting substantial increase in the actuarial, formula-based present values of his pension benefit due to the increase in their base pay and annual bonus. This increase is disclosed in the Change in Pension Value and Non-Qualified Deferred Earnings column of the Summary Compensation Table. These accounting-based increases, while representing for Mr. Judge and Mr. Lembo a substantial portion of their 2017 total compensation disclosed in the SEC Total column of the Summary Compensation Table, resulted in no actual 2017 W-2 earnings for either of them.

For certain participants, the benefits payable under the Supplemental Non-Qualified Pension Program (the "Program") differ from those described above. The Program benefit payable to Mr. Schweiger is fully vested and is further reduced by benefits he is entitled to receive under previous employers' retirement plans.

Also see the narrative accompanying the "Pension Benefits" table and accompanying notes for more detail on the above program.

401(k) Benefits

Eversource offers a qualified 401(k) program for all employees, including executives, subject to tax code limits. After applying these limits, the program provides a match of 50 percent of the first 8 percent of eligible base salary, up to a maximum of \$10,800 per year for Messrs. Judge, Lembo, Schweiger and Nolan. For Mr. Butler, the program provides a match of 100 percent of the first 3 percent of eligible base salary, up to a maximum of \$8,100 per year.

Deferred Compensation

Eversource offers a non-qualified deferred compensation program for its executives. In 2017, the program allowed deferral of up to 100 percent of base salary, annual incentives and long-term incentive awards. The program allows participants to select investment measures for deferrals based on an array of deemed investment options (including certain mutual funds and publicly traded securities).

See the Non-Qualified Deferred Compensation Table and accompanying notes for additional details on the above program.

Perquisites

Eversource provides executives with limited financial planning, vehicle leasing and access to tickets to sporting events. The current level of perquisites does not factor into decisions on total compensation.

Contractual Agreements

Eversource maintains contractual agreements with all of its Named Executive Officers that provide for potential compensation in the event of certain terminations, including termination following a Change in Control. Eversource believes these agreements are necessary to attract and retain high quality executives and to ensure executive focus on Eversource business during the period leading up to a potential Change in Control. The agreements are "double-trigger" agreements that provide executives with compensation in the event of a Change in Control followed by termination of employment due to one or more of the events set forth in the agreements, while still providing an incentive to remain employed with Eversource for the transition period that follows.

Under the agreements, certain compensation is generally payable if, during the applicable change in control period, the executive is involuntarily terminated (other than for cause) or terminates employment for "good reason." These agreements are described more fully in the tables following this CD&A under "Payments Upon Termination."

Tax and Accounting Considerations

Eversource's Incentive Plan permits annual incentive and performance share awards that were intended to qualify as performance-based compensation under the recently repealed Section 162(m) of the Internal Revenue Code. Eversource is aware of the changes in the Internal Revenue Code that impact tax deductibility of incentive compensation. Eversource believes that the availability of a tax deduction for forms of compensation is secondary to the goal of providing market-based compensation to attract and retain highly qualified executives. The Committee believes it is in Eversource's best interests to retain discretion to make compensation awards, whether or not deductible.

Eversource has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, *Compensation-Stock Compensation*. In general, Eversource and the Committee do not consider accounting considerations in structuring compensation arrangements.

Equity Grant Practices

Equity awards noted in the compensation tables are made annually at the February meeting of Eversource's Compensation Committee (subject to further approval by all of the independent members of Eversource's Board of Trustees of the Chief Executive Officer's award) when the Committee also determines base salary, annual and long-term incentive compensation targets and annual incentive awards. The date of this meeting is chosen at least a year in advance, and therefore awards are not coordinated with the release of material non-public information.

SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation paid or earned by CL&P's principal executive officer (Mr. Judge), principal financial officer (Mr. Lembo) and the three other most highly compensated executive officers in 2017, determined in accordance with the applicable SEC disclosure rules (collectively, the Named Executive Officers). As explained in the footnotes below, the amounts reflect the economic benefit to each Named Executive Officer of the compensation item paid or accrued on behalf of the Named Executive Officers for the fiscal year ended December 31, 2017 in accordance with such rules. All salaries, annual incentive amounts and long-term incentive amounts shown for each Named Executive Officer were paid for all services rendered to Eversource Energy and its subsidiaries, including CL&P, in all capacities.

Name and Principal Position	Year	Salary	Stock Awards ⁽²⁾	Non-Equity Incentive Plan ⁽³⁾	Change in Pension Value and Non-Qualified Deferred Earnings ⁽⁴⁾	All Other Compensation ⁽⁵⁾	SEC Total	Adjusted SEC Total ⁽⁶⁾
James J. Judge	2017	\$ 1,230,694	\$ 5,504,904	\$ 2,285,000	\$ 6,869,854	\$ 25,009	\$ 15,915,461	\$ 9,045,607
President and Chief Executive Officer of Eversource Energy; Chairman of CL&P	2016	959,690	1,382,021	2,200,000	1,616,742	24,809	6,183,262	4,566,520
	2015	605,650	1,135,526	690,000	895,929	20,672	3,347,777	2,451,848
Philip J. Lembo ⁽¹⁾	2017	613,847	1,314,086	700,000	1,246,325	21,485	3,895,743	2,649,418
Executive Vice President and Chief Financial Officer of Eversource Energy and CL&P	2016	439,208	212,300	600,000	543,133	21,285	1,815,926	1,272,793
Werner J. Schweiger	2017	634,078	1,334,961	775,000	1,225,581	21,418	3,991,038	2,765,457
Executive Vice President and Chief Operating Officer of Eversource Energy and CL&P	2016	592,108	1,359,110	700,000	1,156,328	21,135	3,828,681	2,672,353
	2015	600,000	1,123,939	680,000	746,734	21,135	3,171,808	2,425,074
Gregory B. Butler	2017	597,886	1,032,562	625,000	1,670,745	15,361	3,941,554	2,270,809
Executive Vice President and General Counsel of Eversource Energy and CL&P	2016	514,494	896,978	575,000	539,638	12,886	2,538,996	1,999,358
	2015	474,992	—	525,000	242,980	—	1,242,972	999,992
Joseph R. Nolan, Jr. ⁽¹⁾	2017	515,578	903,434	680,000	1,486,025	16,076	3,601,113	2,115,088
Executive Vice President-Customer and Corporate Relations of Eversource Energy and CL&P	2016	419,364	518,430	550,000	826,729	15,876	2,330,399	1,503,670

(1) Messrs. Lembo and Nolan did not meet the requirements for inclusion in the Summary Compensation Table and were not Named Executive Officers for 2015.

(2) Reflects the aggregate grant date fair value of RSUs and performance shares granted in each fiscal year, calculated in accordance with FASB ASC Topic 718.

RSUs were granted to each Named Executive Officer as long-term compensation, which vest in equal annual installments over three years.

In 2017, each of the Named Executive Officers was granted performance shares as long-term incentive compensation. These performance shares will vest based on the extent to which the two performance conditions described in the CD&A are achieved as of December 31, 2019. The grant date fair values for the performance shares, assuming achievement of the highest level of both performance conditions, are as follows: Mr. Judge: \$4,151,239; Mr. Lembo: \$990,950; Mr. Schweiger: \$1,006,692; Mr. Butler: \$778,653; and Mr. Nolan: \$681,278.

Holders of RSUs and performance shares are eligible to receive dividend equivalent units on outstanding awards to the same extent that dividends are declared and paid on Eversource common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with the common shares issued upon vesting of the underlying RSUs and performance shares.

Mr. Judge was elected President and Chief Executive Officer of the Company on April 6, 2016, upon the retirement of Thomas J. May. Mr. Judge had previously served as Executive Vice President and Chief Financial Officer of the Company until his election as President and Chief Executive Officer. Mr. Lembo was elected Executive Vice President and Chief Financial Officer of the Company on May 4, 2016, having previously served as Vice President and Treasurer. Thus, 2017 was the first year during which the Committee made long term incentive program stock awards to Mr. Judge and Mr. Lembo in their new positions of President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively.

(3) Includes payments to the Named Executive Officers under the 2017 Annual Incentive Program (Mr. Judge: \$2,285,000, Mr. Lembo: \$700,000; Mr. Schweiger: \$775,000; Mr. Butler: \$625,000; and Mr. Nolan: \$680,000).

(4) Includes the actuarial increase in the present value from December 31, 2016 to December 31, 2017, of the Named Executive Officers' accumulated benefits under all of the Eversource defined benefit pension program and agreements, determined using interest rate and mortality rate assumptions consistent with those appearing in the footnotes to this Annual Report on Form 10-K for the fiscal year ended December 31, 2017. The substantial actuarial increase in Mr. Judge's benefit in 2017 resulted from the increase in base pay and annual incentive following his promotion in 2016 to Chief Executive Officer of Eversource. The change in interest rates also impacted the amount of actuarial increase. The Named Executive Officer may not be fully vested in such amounts. More information on this topic is set forth in the Pension Benefits table. There were no above-market earnings in deferred

compensation value during 2017, as the terms of the Deferred Compensation Plan provide for market-based investments, including Eversource common shares.

Mr. Judge and Mr. Lembo were elected to the positions of President and Chief Executive Officer and Executive Vice President and Chief Financial Officer respectively, in 2016, such that 2017 was the first year that each served in his new position. Each had a resulting substantial increase in the actuarial, formula-based present values of his pension benefit due to the increase in their base pay and annual bonus. These accounting-based increases, while representing for Mr. Judge and Mr. Lembo a substantial portion of their 2017 total compensation disclosed in the SEC Total above, resulted in no actual 2017 W-2 earnings for either of them.

- (5) Includes matching contributions allocated by us to the accounts of Named Executive Officers under the 401k Plan as follows: \$10,800 for each of Messrs. Judge, Lembo, Schweiger and Nolan, and \$8,100 for Mr. Butler. For Mr. Judge, the value shown includes financial planning services valued at \$5,000 and \$9,209 paid by Eversource for a company-leased vehicle. For Mr. Lembo, the value shown includes financial planning services valued at \$5,000 and \$5,685 paid by Eversource for a company-leased vehicle. For Mr. Schweiger, the value shown includes financial planning services valued at \$5,000 and \$5,618 paid by Eversource for a company-leased vehicle. None of the other Named Executive Officers received perquisites valued in the aggregate in excess of \$10,000.
- (6) The amounts in the Adjusted SEC Total column reflect an adjustment to the total compensation reported in the column marked SEC Total. The Adjusted SEC Total subtracts the actuarial change in pension value disclosed in the column titled "Change in Pension Value and Non-Qualified Deferred Earnings" as further described in Note (4) above in order to reflect compensation earned during the year by the executive without consideration of pension benefit impacts. The amounts in this column differ substantially from, and are not a substitute for, the amounts noted in the SEC Total.

GRANTS OF PLAN-BASED AWARDS DURING 2017

The Grants of Plan-Based Awards Table provides information on the range of potential payouts under all incentive plan awards during the fiscal year ended December 31, 2017. The table also discloses the underlying equity awards and the grant date for equity-based awards. We have not granted any stock options since 2002.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽¹⁾			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽²⁾	Grant Date Fair Value of Stock and Option Awards (\$) ⁽³⁾	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (#)	Maximum (#)			
James J. Judge										
Annual Incentive ⁽⁴⁾	02/03/17	\$ 714,000	\$ 1,428,000	\$ 2,856,000	\$ —	—	—	—	\$ —	
Long-Term Incentive ⁽⁵⁾	02/03/17	—	—	—	—	48,259	96,518	48,259	5,504,904	
Philip J. Lembo										
Annual Incentive ⁽⁴⁾	02/03/17	236,500	473,000	946,000	—	—	—	—	—	
Long-Term Incentive ⁽⁵⁾	02/03/17	—	—	—	—	11,520	23,040	11,520	1,314,086	
Werner J. Schweiger										
Annual Incentive ⁽⁴⁾	02/03/17	240,000	480,000	960,000	—	—	—	—	—	
Long-Term Incentive ⁽⁵⁾	02/03/17	—	—	—	—	11,703	23,406	11,703	1,334,961	
Gregory B. Butler										
Annual Incentive ⁽⁴⁾	02/03/17	195,000	390,000	780,000	—	—	—	—	—	
Long-Term Incentive ⁽⁵⁾	02/03/17	—	—	—	—	9,052	18,104	9,052	1,032,562	
Joseph R. Nolan, Jr.										
Annual Incentive ⁽⁴⁾	02/03/17	170,500	341,000	682,000	—	—	—	—	—	
Long-Term Incentive ⁽⁵⁾	02/03/17	—	—	—	—	7,920	15,840	7,920	903,434	

- (1) Reflects the number of performance shares granted to each of the Named Executive Officers on February 3, 2017 under the 2017 - 2019 Long-Term Incentive Program. Performance shares were granted subject to a three-year Performance Period that ends on December 31, 2019. At the end of the Performance Period, common shares will be awarded based on actual performance results as a percentage of target, subject to reduction for applicable payroll withholding taxes. Holders of performance shares are eligible to receive dividend equivalent units on outstanding performance shares awarded to them to the same extent that dividends are declared and paid on Eversource common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with the common shares underlying the performance shares. The Annual Incentive Program does not include an equity component.
- (2) Reflects the number of RSUs granted to each of the Named Executive Officers on February 3, 2017 under the 2017 - 2019 Long-Term Incentive Program. RSUs vest in equal installments on February 2, 2018, 2019 and 2020. We will distribute common shares with respect to vested RSUs on a one-for-one basis following vesting, after reduction for applicable payroll withholding taxes. Holders of RSUs are eligible to receive dividend equivalent units on outstanding RSUs awarded to them to the same extent that dividends are declared and paid on Eversource common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with the common shares distributed in respect of the underlying RSUs.
- (3) Reflects the grant date fair value, determined in accordance with FASB ASC Topic 718, of RSUs and performance shares granted to the Named Executive Officers on February 3, 2017 under the 2017 - 2019 Long-Term Incentive Program.

- (4) The threshold payment under the Annual Incentive Program is 50 percent of target. The actual payments in 2018 for performance in 2017 are set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.
- (5) Reflects the range of potential payouts, if any, pursuant to performance share awards under the 2017 - 2019 Long-Term Incentive Program, as described in the CD&A.

OUTSTANDING EQUITY GRANTS AT DECEMBER 31, 2017

The following table sets forth RSU and performance share grants outstanding at the end of the fiscal year ended December 31, 2017 for each of the Named Executive Officers. There are no outstanding options.

Name	Stock Awards ⁽¹⁾				Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁵⁾
	Number of Shares or Units of Stock That Have Not Vested ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested ⁽³⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁴⁾		
James J. Judge	61,900	\$ 3,910,906	73,351	\$	4,634,346
Philip J. Lembo	13,818	873,019	15,719		993,112
Werner J. Schweiger	24,010	1,516,957	35,317		2,231,300
Gregory B. Butler	17,400	1,099,253	25,227		1,593,835
Joseph R. Nolan, Jr.	12,761	806,219	17,147		1,083,333

- (1) Awards and market values of awards appearing in the table and the accompanying notes have been rounded to whole units.
- (2) A total of 55,588 unvested RSUs vested after January 1 and on or before February 2, 2018: Mr. Judge: 24,450; Mr. Lembo: 5,240; Mr. Schweiger: 11,773; Mr. Butler: 8,409; and Mr. Nolan: 5,716. A total of 43,882 unvested RSUs will vest on February 2, 2019: Mr. Judge: 20,855; Mr. Lembo: 4,616; Mr. Schweiger: 8,213; Mr. Butler: 5,877; and Mr. Nolan: 4,321. A total of 30,419 unvested RSUs will vest on February 2, 2020: Mr. Judge: 16,595; Mr. Lembo: 3,962; Mr. Schweiger: 4,024; Mr. Butler: 3,114; and Mr. Nolan: 2,724.
- (3) The market value of RSUs is determined by multiplying the number of RSUs by \$63.18, the closing price per share of common shares on December 29, 2017, the last trading day of the year.
- (4) Reflects the target payout level for performance shares granted under the 2015 - 2017 Program, the 2016 - 2018 Program and the 2017 - 2019 Program.
- The performance period for the 2015 - 2017 Program ended on December 31, 2017. Payouts under that program are set forth in the CD&A under the "Results of the 2015 - 2017 Performance Share Program."
- The performance shares payout for 2016 - 2018 Program and the 2017 - 2019 Program will be based on actual performance results as a percentage of target, subject to reduction for applicable payroll withholding taxes. As described more fully under "Performance Shares" in the CD&A and Note (1) to the Grants of Plan-Based Awards table, performance shares will vest following a three-year performance period based on the extent to which the two performance conditions are achieved. Under the 2016 - 2018 Program, a total of 40,389 unearned performance shares (including accrued dividend equivalents) will vest based on the extent to which the two performance conditions described in the CD&A are achieved as of December 31, 2018. Assuming achievement of these conditions at a target level of performance, the amount of the awards would be as follows: Mr. Judge: 12,776; Mr. Lembo: 1,963; Mr. Schweiger: 12,565; Mr. Butler: 8,292; and Mr. Nolan: 4,793. Under the 2017 - 2019 Program, a total of 91,254 unearned performance shares (including accrued dividend equivalents) will vest based on the extent to which the two performance conditions described in the CD&A are achieved as of December 31, 2019, assuming achievement of these conditions at a target level of performance: Mr. Judge: 49,786; Mr. Lembo: 11,885; Mr. Schweiger: 12,073; Mr. Butler: 9,339; and Mr. Nolan: 8,171.
- (5) The market value is determined by multiplying the number of performance shares in the adjacent column by \$63.18, the closing price of Eversource Energy common shares on December 29, 2017, the last trading day of the year.

OPTION EXERCISES AND STOCK VESTED IN 2017

The following table reports amounts realized on equity compensation during the fiscal year ended December 31, 2017. The Stock Awards columns report the vesting of RSU and performance share grants to the Named Executive Officers in 2017.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ⁽¹⁾	Number of Shares Acquired on Vesting (#) ⁽²⁾	Value Realized on Vesting ⁽³⁾
James J. Judge	—	\$ —	24,892	\$ 1,395,241
Philip J. Lembo	—	—	4,164	233,432
Werner J. Schweiger	124,640	4,380,089	19,632	1,100,165
Gregory B. Butler	—	—	17,116	959,431
Joseph R. Nolan, Jr.	—	—	9,589	537,460

- (1) Represents the amounts realized upon option exercises, which is the difference between the option exercise price and the market price at the time of exercise.
- (2) Includes RSUs and performance shares granted to the Named Executive Officers under the long-term incentive programs, including dividend reinvestments, as follows:

Name	2014 Program	2015 Program	2016 Program	2017 Program
James J. Judge	17,278	3,486	4,128	—
Philip J. Lembo	2,926	605	633	—
Werner J. Schweiger	12,122	3,450	4,060	—
Gregory B. Butler	11,983	2,454	2,679	—
Joseph R. Nolan, Jr.	6,688	1,352	1,549	—

In all cases, we reduce the distribution of common shares by that number of shares valued in an amount sufficient to satisfy tax withholding obligations.

- (3) Values realized on vesting of RSUs granted under the 2014 - 2016, 2015 - 2017 and 2016 - 2018 Programs were based on \$55.95 per share, the closing price of Eversource common shares on February 14, 2017. Values realized on vesting of performance shares granted under the 2014 - 2016 Program were based on \$56.15 per share, the closing price of Eversource common shares on February 17, 2017.

PENSION BENEFITS IN 2017

The Pension Benefits Table shows the estimated present value of accumulated retirement benefits payable to each Named Executive Officer upon retirement based on the assumptions described below. The table distinguishes between benefits available under the qualified pension program, the supplemental pension program, and any additional benefits available under contractual agreements. See the narrative above in the CD&A under the caption "Other- Retirement Benefits" and "Contractual Agreements" for more detail on benefits under these plans and agreements.

The values shown in the Pension Benefits Table for Messrs. Judge, Lembo and Schweiger were calculated as of December 31, 2017, based on benefit payments in the form of a lump sum. For Mr. Butler, we assumed a payment of benefits in the form of a contingent annuitant option. Such earned pension program benefit value could otherwise have changed because of the reduction in mortality factors and potentially rising interest rates.

The values shown in this Table for the Named Executive Officers were based on benefit payments commencing at the earliest possible ages for retirement with unreduced benefits: Mr. Judge: age 60; Mr. Lembo: age 62; Mr. Schweiger: age 55; Mr. Butler: age 62; and Mr. Nolan: age 62.

In addition, we determined benefits under the qualified pension program using tax code limits in effect on December 31, 2017. For Messrs. Judge, Lembo, Schweiger and Nolan, the values shown reflect actual 2017 salary and annual incentives earned in 2016 but paid in 2017 (per applicable supplemental program rules). For Mr. Butler, the values shown reflect actual 2017 salary and annual incentives earned in 2016 but paid in 2017 (per applicable supplemental program rules).

We determined the present value of benefits at retirement age using the discount rate within a range of 3.56 percent to 3.68 percent under ACS 715-30 pension accounting for the 2018 fiscal year end measurement as of December 31, 2017. This present value assumes no pre-retirement mortality, turnover or disability. However, for the postretirement period beginning at retirement age, we used the RP2014 Employee Table Projected Generationally with Scale MP2015. This new mortality table (as published by the Society of Actuaries in 2014) and projection scale were used by the Eversource Pension Plan for year-end 2018 financial disclosure. Additional assumptions appear in the footnotes to this Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulation Benefit	During Last Fiscal Year
James J. Judge	Retirement Plan	40.33	\$ 2,718,021	\$ —
	Supplemental Plan	20.00	8,420,744	—
	Supplemental Plan	40.33	7,904,098	—
Philip J. Lembo	Retirement Plan	8.75	1,201,331	—
	Supplemental Plan	8.75	2,489,455	—
Werner J. Schweiger	Retirement Plan	15.83	500,881	—
	Supplemental Plan	15.83	1,902,091	—
	Supplemental Plan	15.00	6,082,675	—
Gregory B. Butler	Retirement Plan	21.00	1,115,793	—
	Supplemental Plan	21.00	3,972,477	—
	Target	21.00	2,988,076	—
Joseph R. Nolan, Jr.	Retirement Plan	18.33	894,997	—
	Supplemental Plan	18.33	2,156,155	—
	Supplemental Plan	18.00	2,441,589	—

NONQUALIFIED DEFERRED COMPENSATION IN 2017

See the narrative above in the CD&A under the caption "Elements of 2017 Compensation - Other - Deferred Compensation" for more detail on Eversource's non-qualified deferred compensation program.

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE ⁽¹⁾
James J. Judge	\$ —	\$ —	\$ 868,753	\$ —	\$ 5,693,348
Philip J. Lembo	—	—	195,092	—	1,370,466
Werner J. Schweiger	—	—	2,344,596	—	17,228,164
Gregory B. Butler	—	—	3,038	—	20,607
Joseph R. Nolan, Jr.	—	—	771,911	—	4,850,174

- (1) Includes the total market value of deferred compensation program balances at December 31, 2017, plus the value of vested RSUs or other awards for which the distribution of common shares is currently deferred, based on \$63.18, the closing price of Eversource common shares on December 29, 2017, the last trading day of the year. The aggregate balances reflect a significant level of earnings on previously earned and deferred compensation.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The discussion and tables below show compensation payable to each Named Executive Officer who is still an employee of Eversource, in the event of: (i) voluntary termination; (ii) involuntary not-for-cause termination; (iii) termination in the event of death or disability; and (iv) termination following a change in control. No amounts are payable in the event of a termination for cause. The amounts shown assume that each termination was effective as of December 31, 2017, the last business day of the fiscal year.

Generally, a "change in control" means a change in ownership or control effected through (i) the acquisition of 30 percent or more of the combined voting power of common shares or other voting securities (20 percent for Mr. Butler, excluding certain defined transactions), (ii) the acquisition of more than 50 percent of Eversource common shares, excluding certain defined transactions (for Messrs. Judge, Lembo; Schweiger and Nolan), (iii) a change in the majority of the Eversource Board of Trustees, unless approved by a majority of the incumbent Trustees, (iv) certain reorganizations, mergers or consolidations where substantially all of the persons who were the beneficial owners of the outstanding common shares immediately prior to such business combination do not beneficially own more than 50 percent of the voting power of the resulting business entity (excluding in certain cases defined transactions), and (v) complete liquidation or dissolution of Eversource, or a sale or disposition of all or substantially all of the assets of Eversource other than, for Mr. Butler, to an entity with respect to which following completion of the transaction more than 50 percent of common shares or other voting securities is then owned by all or substantially all of the persons who were the beneficial owners of common shares and other voting securities immediately prior to such transaction.

In the event of a change in control, the Named Executive Officers are generally entitled to receive compensation and benefits following either involuntary termination of employment without "cause" or voluntary termination of employment for "good reason" within the applicable period (generally two years following a change in control). The Committee believes that termination for good reason is conceptually the same as termination "without cause" and, in the absence of this provision, potential acquirers would have an incentive to constructively terminate executives to avoid paying severance. Termination for "cause" generally means termination due to a felony or certain other convictions; fraud, embezzlement, or theft in the course of employment; intentional, wrongful damage to Eversource property; gross misconduct or gross negligence in the course of employment or gross neglect of duties harmful to Eversource; or a material breach of obligations under the agreement. "Good reason" for termination generally exists after assignment of duties inconsistent with executive's position, a material reduction

in compensation or benefits, a transfer more than 50 miles from the executive's pre-change in control principal business location (or for Messrs. Judge, Lembo, Schweiger and Nolan, an involuntary transfer outside the Greater Boston Metropolitan Area), or requiring business travel to a substantially greater extent than required prior to the change in control.

The summaries above do not purport to be complete and are qualified in their entirety by the actual terms and provisions of the agreements and plans, copies of which have been filed as exhibits to this Annual Report on Form 10-K for the year ended December 31, 2017.

Payments Upon Termination

Regardless of the manner in which the employment of a Named Executive Officer terminates, the executive is entitled to receive certain amounts earned during the executive's term of employment. Such amounts include:

- Vested RSUs and certain other vested awards;
- Amounts contributed and any vested matching contributions under the deferred compensation program;
- Pay for unused vacation; and
- Amounts accrued and vested under the pension/supplemental and 401k programs (except in the event of a termination for cause under the supplemental program).

The following table describes additional compensation payable to the Named Executive Officers in the event of voluntary termination, involuntary termination not for cause, termination in the event of death or disability and termination following a change in control. No benefits are provided in the event of termination for cause. See the section above captioned "Pension Benefits in 2017" for information about the pension program, supplemental program and other benefits, and the section captioned "Nonqualified Deferred Compensation in 2017."

POST-EMPLOYMENT COMPENSATION PAYMENTS UPON TERMINATION

Name	Type of Payments	Voluntary Termination	Involuntary Termination Not for Cause	Termination Upon Death or Disability	Termination Following a Change in Control
James J. Judge	Annual Incentives ⁽¹⁾	\$ —	\$ —	\$ —	\$ 1,428,000
	Performance Shares ⁽²⁾	2,260,474	2,260,474	2,260,474	4,634,346
	RSUs ⁽³⁾	1,421,180	1,421,180	1,421,180	3,910,906
	Special Retirement Benefit ⁽⁴⁾	—	—	—	12,618,115
	Health and Welfare Benefits ⁽⁵⁾	—	—	—	92,049
	Perquisites ⁽⁶⁾	—	—	—	15,000
	Excise Tax and Gross-ups ⁽⁷⁾	—	—	—	9,235,719
	Separation Payment for Liquidated Damages ⁽⁸⁾	—	—	—	10,326,000
	Total	\$ 3,681,654	\$ 3,681,654	\$ 3,681,654	\$ 42,260,135
Philip J. Lembo	Annual Incentives ⁽¹⁾	\$ —	\$ —	\$ —	\$ 473,000
	Performance Shares ⁽²⁾	449,108	449,108	449,108	993,112
	RSUs ⁽³⁾	304,596	304,596	304,596	873,019
	Special Retirement Benefit ⁽⁴⁾	—	—	—	2,615,100
	Health and Welfare Benefits ⁽⁵⁾	—	—	—	40,296
	Perquisites ⁽⁶⁾	—	—	—	10,000
	Separation Payment for Liquidated Damages ⁽⁸⁾	—	—	—	2,460,000
	Total	\$ 753,704	\$ 753,704	\$ 753,704	\$ 7,464,527
Werner J. Schweiger	Annual Incentives ⁽¹⁾	\$ —	\$ —	\$ —	\$ 480,000
	Performance Shares ⁽²⁾	1,458,259	1,458,259	1,458,259	2,231,300
	RSUs ⁽³⁾	684,308	684,308	684,308	1,516,957
	Special Retirement Benefit ⁽⁴⁾	—	—	—	2,180,720
	Health and Welfare Benefits ⁽⁵⁾	—	—	—	82,475
	Perquisites ⁽⁶⁾	—	—	—	15,000
	Separation Payment for Liquidated Damages ⁽⁸⁾	—	—	—	4,020,000
	Total	\$ 2,142,567	\$ 2,142,567	\$ 2,142,567	\$ 10,526,452
Gregory B. Butler	Annual Incentives ⁽¹⁾	\$ —	\$ —	\$ —	\$ 390,000
	Performance Shares ⁽²⁾	1,025,640	1,025,640	1,025,640	1,593,835
	RSUs ⁽³⁾	488,756	488,756	488,756	1,099,253
	Special Retirement Benefit ⁽⁴⁾	—	4,803,710	—	5,236,764
	Health and Welfare Benefits ⁽⁵⁾	—	22,399	—	33,599
	Perquisites ⁽⁶⁾	—	10,000	—	15,000
	Excise Tax and Gross-Ups ⁽⁷⁾	—	—	—	2,188,796
	Separation Payment for Liquidated Damages ⁽⁸⁾	—	990,000	—	1,980,000
	Separation Payment for Non-Compete Agreement ⁽⁹⁾	—	990,000	—	990,000
	Total	\$ 1,514,396	\$ 8,330,505	\$ 1,514,396	\$ 13,527,247
Joseph R. Nolan, Jr.	Annual Incentives ⁽¹⁾	\$ —	\$ —	\$ —	\$ 341,000
	Performance Shares ⁽²⁾	—	—	637,537	1,083,333
	RSUs ⁽³⁾	—	—	332,244	806,219
	Special Retirement Benefit ⁽⁴⁾	—	—	—	4,557,194
	Health and Welfare Benefits ⁽⁵⁾	—	—	—	80,579
	Perquisites ⁽⁶⁾	—	—	—	15,000
	Excise Tax and Gross-ups ⁽⁷⁾	—	—	—	2,393,454
	Separation Payment for Liquidated Damages ⁽⁸⁾	—	—	—	3,225,000
	Total	\$ —	\$ —	\$ 969,781	\$ 12,501,779

- (1) For Termination Following a Change in Control: Represents target 2017 annual incentive awards as described in the Grants of Plan Based Awards Table.
- (2) For Voluntary Termination and Termination Not For Cause (except for Mr. Nolan), and for Termination Upon Death or Disability: Represents 100 percent of the performance share awards under the 2015 - 2017 Long-Term Incentive Program, 67 percent of the performance share awards under the 2016 - 2018 Long-Term Incentive Program and 33 percent of the performance share awards under the 2017 - 2019 Long-Term Incentive Program. The values were calculated by multiplying the number of RSUs by \$63.18, the closing price of Eversource common shares on December 29, 2017, the last trading day of the year. For Termination Following a Change in Control: Represents 100 percent of the performance share awards under each of the three Programs listed above.
- (3) For Voluntary Termination and Termination Not For Cause (except for Mr. Nolan), and for Termination Upon Death or Disability: Represents values of RSUs granted under Eversource long-term incentive programs that, at year-end 2017, were unvested under applicable vesting schedules. Under these programs, RSUs vest pro rata based on credited service years, age at termination, and time worked during the vesting period. The values were calculated by multiplying the number of RSUs by \$63.18, the closing price of Eversource common shares on December 29, 2017, the last trading day of the year. For Termination Following a Change in Control: Represents values of all RSUs granted under the long-term incentive programs that, at year-end 2017, were unvested under applicable vesting schedules, all of which vest in full.

- (4) The amount noted in the Involuntary Termination, Not for Cause column, represents for Mr. Butler actuarial present values at year-end 2017 of amounts payable (two years of service) solely under an employment agreement upon termination, which are in addition to amounts due under the pension plan. For Termination Following a Change in Control: Represents actuarial present values at year-end 2017 of amounts payable solely under employment agreements upon termination (which are in addition to amounts due under the pension program). For Messrs. Judge, Schweiger, Butler and Nolan, pension benefits were calculated by adding three years of service (two years for Mr. Lembo). A lump sum of this benefit value is payable to Messrs. Judge, Lembo and Schweiger. Pension amounts shown in the table are present values at year-end 2017 of benefits payable upon termination as described with respect to the Pension Benefits Table above.
- (5) The amount noted in the Involuntary Termination, Not for Cause column, represents for Mr. Butler the value of two years' employer contributions toward active health, long-term disability, and life insurance benefits, plus a payment to offset any taxes thereon. For Termination Following a Change in Control: Represents estimated cost to Eversource at year-end 2017 (estimated by consultants) of providing post-employment health and welfare benefits beyond those available to non-executives upon involuntary termination. The amounts shown in the table for Messrs. Judge, Schweiger and Nolan represent the value of three years (two years for Mr. Lembo) continued health and welfare plan participation. The amounts shown in the table for Mr. Butler represent the value of three years' employer contributions toward active health, long-term disability, and life insurance benefits, plus a payment to offset any taxes on the value of these benefits, less the value of one year of retiree health coverage at retiree rates.
- (6) The amount noted in the Involuntary Termination, Not for Cause column, represents for Mr. Butler the cost of reimbursing Mr. Butler for two years financial planning and tax preparation fees. For Termination Following a Change in Control: Represents the cost to Eversource of reimbursing for financial planning and tax preparation fees for three years (two years for Mr. Lembo).
- (7) For Termination Following a Change in Control: Represents payments made to offset costs associated with certain excise taxes under Section 280G of the Internal Revenue Code. Executives may be subject to certain excise taxes under Section 280G if they receive payments and benefits related to a Termination Following a Change in Control that exceed specified Internal Revenue Service limits. Contractual agreements with the above executives provide for a grossed-up reimbursement of these excise taxes. The amounts in the table are based on the Section 280G excise tax rate of 20 percent, the statutory federal income tax withholding rate of 35 percent, the applicable state income tax rate, and the Medicare tax rate of 1.45 percent.
- (8) The amount noted in the Involuntary Termination, Not for Cause column, represents for Mr. Butler a severance payment (two-times the sum of base salary plus relevant annual incentive award) in addition to any non-compete agreement payment described above. For Termination Following a Change in Control: Represents severance payments in addition to any non-compete agreement payments described in the prior note. For Messrs. Judge, Schweiger and Nolan, this payment equals three-times the sum of base salary plus relevant annual incentive award (two-times the sum for Messrs. Lembo and Butler). These payments do not replace, offset or otherwise affect the calculation or payment of the annual incentive awards.
- (9) For Involuntary Termination, Not For Cause and Termination Following a Change in Control: Represents a payment made under an agreement with Mr. Butler as consideration for agreement not to compete with Eversource following termination of employment, equal to the sum of base salary plus relevant annual incentive award. This payment does not replace, offset or otherwise affect the calculation or payment of the annual incentive awards.

PAY RATIO

Eversource's CEO to median employee pay ratio is calculated pursuant to the requirements of Item 402(u) of Regulation S-K. As described in the caption to the Summary Compensation Table, the salary, annual incentive amounts and long-term incentive amounts shown for the CEO were paid for all services rendered to Eversource Energy and its subsidiaries, including CL&P, in all capacities. Accordingly, the Pay Ratio calculation was performed using the CEO's compensation received for all services rendered to Eversource Energy and its subsidiaries, including CL&P. Similarly, Eversource identified the median employee by reviewing the 2017 total cash compensation of all full-time employees, excluding the CEO, who were employed by Eversource and its subsidiaries on December 31, 2017. In the assessment of median employee compensation, pay for those employees who commenced work during 2017 was annualized. Otherwise, no assumptions, adjustments, or estimates were made with respect to total cash compensation, and the compensation for any full-time employees who were not employed by Eversource at the end of 2017 was not annualized. Eversource believes the use of total cash compensation for all employees is a consistently applied compensation measure, as Eversource does not widely distribute annual equity awards to employees.

After identifying the median employee based on total cash compensation, the annual total compensation for such employee was calculated using the same methodology used for the Named Executive Officers as set forth in the Summary Compensation Table. Mr. Judge had 2017 annual total compensation of \$15,915,461, as reflected in the Summary Compensation Table. Eversource's median employee's annual total compensation for 2017 was \$124,959. Eversource's 2017 CEO to median employee pay ratio is 127 to one.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Eversource Energy

In addition to the information below under "Securities Authorized for Issuance Under Equity Compensation Plans," incorporated herein by reference is the information contained in the sections "Common Share Ownership of Certain Beneficial Owners" and "Common Share Ownership of Trustees and Management" of Eversource Energy's definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 23, 2018.

NSTAR ELECTRIC and PSNH

Certain information required by this Item 12 has been omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly-Owned Subsidiaries.

CL&P

COMMON SHARE OWNERSHIP OF DIRECTORS AND MANAGEMENT

Eversource Energy owns 100 percent of the outstanding common stock of CL&P. The table below shows the number of Eversource Energy common shares beneficially owned as of February 21, 2018, by each of CL&P's directors and each Named Executive Officer of CL&P, as well as the number of Eversource Energy common shares beneficially owned by all of CL&P's directors and executive officers as a group. The table also includes information about options, restricted share units and deferred shares credited to the accounts of CL&P's directors and executive officers under certain compensation and benefit plans. No equity securities of CL&P are owned by any of the Trustees, directors or executive officers of Eversource Energy or CL&P. The address for the shareholders listed below is c/o Eversource Energy, Prudential Center, 800 Boylston Street, Boston, Massachusetts 02199 for Messrs. Judge, Lembo, Nolan and Schweiger; c/o Eversource Energy, 56 Prospect Street, Hartford, Connecticut 06103-2818 for Mr. Butler.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾⁽²⁾	Percent of Class
	⁽³⁾	
James J. Judge, Chairman of CL&P	257,970	*
Philip J. Lembo, Executive Vice President and Chief Financial Officer, Director of CL&P	40,089	*
Werner J. Schweiger, Chief Executive Officer, Director of CL&P	252,314	*
Gregory B. Butler, Executive Vice President and General Counsel, Director of CL&P	86,388	*
Joseph R. Nolan, Jr., Executive Vice President-Customer and Corporate Relations of Eversource Service	95,135	*
All directors and executive officers as a group (7 persons)	817,106 ⁽⁴⁾	*

* Less than 1% of Eversource Energy common shares outstanding.

1. The persons named in the table have sole voting and investment power with respect to all shares beneficially owned by each of them, except as noted below.
2. Also includes restricted share units, deferred restricted share units and/or deferred shares, including dividend equivalents, as to which none of the individuals has voting or investment power, and phantom shares held by executive officers who participate in a deferred compensation plan as follows: Mr. Judge: 174,195 shares; Mr. Lembo: 23,150 shares; Mr. Schweiger: 185,767 shares; Mr. Butler: 17,625; and Mr. Nolan: 70,515 shares.
3. Includes Eversource Energy common shares held as units in the 401(k) Plan invested in the Eversource Energy Common Shares Fund over which the holder has sole voting and investment power (Mr. Judge: 25,485 shares; Mr. Lembo: 2,811 shares; Mr. Schweiger: 262 shares; Mr. Butler: 5,769 shares; and Mr. Nolan: 18,115 shares).
4. Includes 492,651 unissued Eversource Energy common shares. See Note 2.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Eversource Energy common shares issuable under Eversource Energy equity compensation plans, as well as their weighted exercise price, as of December 31, 2017, in accordance with the rules of the SEC:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights ⁽²⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column ⁽¹⁾)
Equity compensation plans approved by security holders	1,227,604	\$—	2,445,110
Equity compensation plans not approved by security holders ⁽³⁾	—	—	—
Total	1,227,604	\$—	2,445,110

(1) Includes 717,039 common shares for distribution in respect of restricted share units, and 510,565 performance shares issuable at target, all pursuant to the terms of our Incentive Plan.

(2) The weighted-average exercise price does not take into account restricted share units or performance shares, which have no exercise price.

(3) Securities set forth in this table are authorized for issuance under compensation plans that have been approved by shareholders of Eversource Energy or the former shareholders of NSTAR.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Eversource Energy

Incorporated herein by reference is the information contained in the sections captioned "Trustee Independence" and "Related Person Transactions" of Eversource Energy's definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 23, 2018.

NSTAR ELECTRIC and PSNH

Certain information required by this Item 13 has been omitted for NSTAR Electric and PSNH pursuant to Instruction I(2)(c) to Form 10-K, Omission of Information by Certain Wholly-Owned Subsidiaries.

CL&P

Eversource Energy's Code of Ethics for Senior Financial Officers applies to the Senior Financial Officers (Chief Executive Officer, Chief Financial Officer and Controller) of Eversource Energy, CL&P and certain other Eversource Energy subsidiaries. Under the Code, one's position as a Senior Financial Officer in the company may not be used to improperly benefit such officer or his or her family or friends. Under the Code, specific activities that may be considered conflicts of interest include, but are not limited to, directly or indirectly acquiring or retaining a significant financial interest in an organization that is a customer, vendor or competitor, or that seeks to do business with the company; serving, without proper safeguards, as an officer or director of, or working or rendering services for an organization that is a customer, vendor or competitor, or that seeks to do business with the company. Waivers of the provisions of the Code of Ethics for Trustees, executive officers or directors must be approved by Eversource Energy's Board of Trustees. Any such waivers will be disclosed pursuant to legal requirements.

Eversource Energy's Code of Conduct, which applies to all Trustees, directors, officers and employees of Eversource Energy and its subsidiaries, including CL&P, contains a Conflict of Interest Policy that requires all such individuals to disclose any potential conflicts of interest. Such individuals are expected to discuss their particular situations with management to ensure appropriate steps are in place to avoid a conflict of interest. All disclosures must be reviewed and approved by management to ensure a particular situation does not adversely impact the individual's primary job and role.

Eversource Energy's Related Persons Transactions Policy is administered by the Corporate Governance Committee of Eversource Energy's Board of Trustees. The Policy generally defines a "Related Persons Transaction" as any transaction or series of transactions in which (i) Eversource Energy or a subsidiary is a participant, (ii) the aggregate amount involved exceeds \$120,000 and (iii) any "Related Persons" has a direct or indirect material interest. A "Related Persons" is defined as any Trustee or nominee for Trustee, any executive officer, any shareholder owning more than 5 percent of Eversource Energy's total outstanding shares, and any immediate family member of any such person.

Management submits to the Corporate Governance Committee for consideration any Related Persons Transaction into which Eversource Energy or a subsidiary proposes to enter. The Corporate Governance Committee recommends to the Eversource Energy Board of Trustees for approval only those transactions that are in Eversource Energy's best interests. If management causes the company to enter into a Related Persons Transaction prior to approval by the Corporate Governance Committee, the transaction will be subject to ratification by the Eversource Energy Board of Trustees. If the Eversource Energy Board of Trustees determines not to ratify the transaction, then management will make all reasonable efforts to cancel or annul such transaction.

The directors of CL&P are employees of CL&P and/or other subsidiaries of Eversource Energy, and thus are not considered independent.

Item 14. Principal Accountant Fees and Services

Eversource Energy

Incorporated herein by reference is the information contained in the section "Relationship with Independent Auditors" of Eversource Energy's definitive proxy statement for solicitation of proxies, expected to be filed with the SEC on or about March 23, 2018.

CL&P, NSTAR ELECTRIC and PSNH

Pre-Approval of Services Provided by Principal Auditors

None of CL&P, NSTAR Electric and PSNH is subject to the audit committee requirements of the SEC, the national securities exchanges or the national securities associations.

CL&P, NSTAR Electric and PSNH obtain audit services from the independent auditor engaged by the Audit Committee of Eversource Energy's Board of Trustees. Eversource Energy's Audit Committee has established policies and procedures regarding the pre-approval of services provided by the principal auditors. Those policies and procedures delegate pre-approval of services to the Eversource Energy Audit Committee Chair provided that such offices are held by Trustees who are "independent" within the meaning of the Sarbanes-Oxley Act of 2002 and that all such pre-approvals are presented to the Eversource Energy Audit Committee at the next regularly scheduled meeting of the Committee.

The following relates to fees and services for the entire Eversource Energy system, including Eversource Energy, CL&P, NSTAR Electric and PSNH.

Fees Billed By Principal Independent Registered Public Accounting Firm

The aggregate fees billed to the Company and its subsidiaries by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the Deloitte Entities), for the years ended December 31, 2017 and 2016 totaled \$4,533,922 and \$4,336,626, respectively. In addition, affiliates of Deloitte & Touche LLP, as noted below, provide other accounting services to the Company. Fees consisted of the following:

1. Audit Fees

The aggregate fees billed to the Company and its subsidiaries by Deloitte & Touche LLP for audit services rendered for the years ended December 31, 2017 and 2016 totaled \$4,243,000 and \$3,988,000, respectively. The audit fees were incurred for audits of consolidated financial statements of Eversource Energy and its subsidiaries, reviews of financial statements included in the Combined Quarterly Reports on Form 10-Q of Eversource Energy and its subsidiaries and other costs. The fees also included audits of internal controls over financial reporting as of December 31, 2017 and 2016.

2. Audit-Related Fees

The aggregate fees billed to the Company and its subsidiaries by the Deloitte Entities for audit-related services rendered for the years ended December 31, 2017 and 2016 totaled \$283,000 and \$346,000, respectively. The audit-related fees were incurred for procedures performed in the ordinary course of business in support of certain regulatory filings, comfort letters, and consents and other costs related to registration statements and financings.

3. Tax Fees

There were no tax fees for the years ended December 31, 2017 and 2016.

4. All Other Fees

The aggregate fees billed to the Company and its subsidiaries by the Deloitte Entities for services, other than the services described above, for the years ended December 31, 2017 and 2016 totaled \$7,922 and \$2,626, respectively. These fees were for the review of benefit payment calculations in 2017, and a license for access to an accounting standards research tool in both 2017 and 2016.

The Audit Committee pre-approves all auditing services and permitted audit-related or other services (including the fees and terms thereof) to be performed for us by our independent registered public accounting firm, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate its authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals are presented to the full Audit Committee at its next scheduled meeting. During 2017, all services described above were pre-approved by the Audit Committee.

The Audit Committee has considered whether the provision by the Deloitte Entities of the non-audit services described above was allowed under Rule 2-01(c)(4) of Regulation S-X and was compatible with maintaining the independence of the registered public accountants and has concluded that the Deloitte Entities were and are independent of us in all respects.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements:

The financial statements filed as part of this Annual Report on Form 10-K are set forth under Item 8, "Financial Statements and Supplementary Data."

2. Schedules

I. Financial Information of Registrant:

Eversource Energy (Parent) Balance Sheets as of December 31, 2017 and 2016 S-1

Eversource Energy (Parent) Statements of Income for the Years Ended
December 31, 2017, 2016 and 2015 S-2

Eversource Energy (Parent) Statements of Comprehensive Income for the Years Ended
December 31, 2017, 2016 and 2015 S-2

Eversource Energy (Parent) Statements of Cash Flows for the Years Ended
December 31, 2017, 2016 and 2015 S-3

II. Valuation and Qualifying Accounts and Reserves for Eversource, CL&P, NSTAR Electric and PSNH
for 2017, 2016 and 2015 S-4

All other schedules of the companies for which inclusion is required in the applicable regulations of the SEC are permitted to be omitted under the related instructions or are not applicable, and therefore have been omitted.

3. Exhibit Index E-1

Item 16. Form 10-K Summary

Not applicable.

EVERSOURCE ENERGY

SIGNATURES

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

EVERSOURCE ENERGY

February 23, 2018

By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

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

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Gregory B. Butler, Philip J. Lembo and Jay S. Buth and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James J. Judge</u> James J. Judge	Chairman of the Board, President and Chief Executive Officer and a Trustee (Principal Executive Officer)	February 23, 2018
<u>/s/ Philip J. Lembo</u> Philip J. Lembo	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 23, 2018
<u>/s/ Jay S. Buth</u> Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 23, 2018
<u>/s/ John S. Clarkeson</u> John S. Clarkeson	Trustee	February 23, 2018
<u>/s/ Cotton M. Cleveland</u> Cotton M. Cleveland	Trustee	February 23, 2018
<u>/s/ Sanford Cloud, Jr.</u> Sanford Cloud, Jr.	Trustee	February 23, 2018

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ James S. DiStasio James S. DiStasio	Trustee	February 23, 2018
/s/ Francis A. Doyle Francis A. Doyle	Trustee	February 23, 2018
/s/ Charles K. Gifford Charles K. Gifford	Trustee	February 23, 2018
/s/ John Y. Kim John Y. Kim	Trustee	February 23, 2018
/s/ Paul A. La Camera Paul A. La Camera	Trustee	February 23, 2018
/s/ Kenneth R. Leibler Kenneth R. Leibler	Trustee	February 23, 2018
/s/ William C. Van Faasen William C. Van Faasen	Trustee	February 23, 2018
/s/ Frederica M. Williams Frederica M. Williams	Trustee	February 23, 2018
/s/ Dennis R. Wraase Dennis R. Wraase	Trustee	February 23, 2018

THE CONNECTICUT LIGHT AND POWER COMPANY

SIGNATURES

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

THE CONNECTICUT LIGHT AND POWER COMPANY

February 23, 2018

By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James J. Judge</u> James J. Judge	Chairman and a Director (Principal Executive Officer)	February 23, 2018
<u>/s/ Werner J. Schweiger</u> Werner J. Schweiger	Chief Executive Officer and a Director	February 23, 2018
<u>/s/ Philip J. Lembo</u> Philip J. Lembo	Executive Vice President and Chief Financial Officer and a Director (Principal Financial Officer)	February 23, 2018
<u>/s/ Gregory B. Butler</u> Gregory B. Butler	Executive Vice President and General Counsel and a Director	February 23, 2018
<u>/s/ Jay S. Buth</u> Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 23, 2018

NSTAR ELECTRIC COMPANY

SIGNATURES

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

NSTAR ELECTRIC COMPANY

February 23, 2018

By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James J. Judge</u> James J. Judge	Chairman and a Director (Principal Executive Officer)	February 23, 2018
<u>/s/ Werner J. Schweiger</u> Werner J. Schweiger	Chief Executive Officer and a Director	February 23, 2018
<u>/s/ Philip J. Lembo</u> Philip J. Lembo	Executive Vice President and Chief Financial Officer and a Director (Principal Financial Officer)	February 23, 2018
<u>/s/ Gregory B. Butler</u> Gregory B. Butler	Executive Vice President and General Counsel and a Director	February 23, 2018
<u>/s/ Jay S. Buth</u> Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 23, 2018

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

SIGNATURES

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

February 23, 2018

By: /s/ Jay S. Buth

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

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

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Gregory B. Butler, Philip J. Lembo and Jay S. Buth and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James J. Judge</u> James J. Judge	Chairman and a Director (Principal Executive Officer)	February 23, 2018
<u>/s/ Werner J. Schweiger</u> Werner J. Schweiger	Chief Executive Officer and a Director	February 23, 2018
<u>/s/ Philip J. Lembo</u> Philip J. Lembo	Executive Vice President and Chief Financial Officer and a Director (Principal Financial Officer)	February 23, 2018
<u>/s/ Gregory B. Butler</u> Gregory B. Butler	Executive Vice President and General Counsel and a Director	February 23, 2018
<u>/s/ Jay S. Buth</u> Jay S. Buth	Vice President, Controller and Chief Accounting Officer	February 23, 2018

SCHEDULE I
EVERSOURCE ENERGY (PARENT)
FINANCIAL INFORMATION OF REGISTRANT
BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016
(Thousands of Dollars)

	2017	2016
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 521	\$ 93
Accounts Receivable from Subsidiaries	3,397	32,864
Dividend Receivable from Subsidiary	150,000	—
Notes Receivable from Subsidiaries	844,500	740,300
Prepayments and Other Current Assets	18,568	23,122
Total Current Assets	1,016,986	796,379
Deferred Debits and Other Assets:		
Investments in Subsidiary Companies, at Equity	10,945,986	9,703,287
Notes Receivable from Subsidiaries	312,190	224,290
Accumulated Deferred Income Taxes	47,940	126,091
Goodwill	3,231,811	3,231,811
Other Long-Term Assets	58,313	44,020
Total Deferred Debits and Other Assets	14,596,240	13,329,499
Total Assets	\$ 15,613,226	\$ 14,125,878
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable	\$ 778,087	\$ 1,022,000
Long-Term Debt - Current Portion	32,114	28,883
Accounts Payable	292	—
Accounts Payable to Subsidiaries	18,242	8,771
Other Current Liabilities	56,601	47,215
Total Current Liabilities	885,336	1,106,869
Deferred Credits and Other Liabilities	118,176	148,756
Capitalization:		
Long-Term Debt	3,523,472	2,158,519
Equity:		
Common Shareholders' Equity:		
Common Shares	1,669,392	1,669,392
Capital Surplus, Paid in	6,239,940	6,250,224
Retained Earnings	3,561,084	3,175,171
Accumulated Other Comprehensive Loss	(66,403)	(65,282)
Treasury Stock	(317,771)	(317,771)
Common Shareholders' Equity	11,086,242	10,711,734
Total Capitalization	14,609,714	12,870,253
Total Liabilities and Capitalization	\$ 15,613,226	\$ 14,125,878

See the Combined Notes to Financial Statements in this Annual Report on Form 10-K for a description of significant accounting matters related to Eversource parent, including Eversource common shares information as described in Note 17, "Common Shares," material obligations and guarantees as described in Note 11, "Commitments and Contingencies," and debt agreements as described in Note 7, "Short-Term Debt," and Note 8, "Long-Term Debt."

SCHEDULE I
EVERSOURCE ENERGY (PARENT)
FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(Thousands of Dollars, Except Share Information)

	2017	2016	2015
Operating Revenues	\$ —	\$ —	\$ —
Operating Expenses:			
Other	(32,189)	(39,453)	9,315
Operating Income/(Loss)	32,189	39,453	(9,315)
Interest Expense	80,700	59,420	45,130
Other Income, Net:			
Equity in Earnings of Subsidiaries	993,063	922,321	900,824
Other, Net	23,339	4,267	6,602
Other Income, Net	1,016,402	926,588	907,426
Income Before Income Tax Benefit	967,891	906,621	852,981
Income Tax Benefit	(20,105)	(35,681)	(25,504)
Net Income	\$ 987,996	\$ 942,302	\$ 878,485
Basic Earnings per Common Share	\$ 3.11	\$ 2.97	\$ 2.77
Diluted Earnings per Common Share	\$ 3.11	\$ 2.96	\$ 2.76
Weighted Average Common Shares Outstanding:			
Basic	317,411,097	317,650,180	317,336,881
Diluted	318,031,580	318,454,239	318,432,687

STATEMENTS OF COMPREHENSIVE INCOME

	2017	2016	2015
Net Income	\$ 987,996	\$ 942,302	\$ 878,485
Other Comprehensive (Loss)/Income, Net of Tax:			
Qualified Cash Flow Hedging Instruments	1,974	2,137	2,079
Changes in Unrealized (Losses)/Gains on Marketable Securities	(350)	2,294	(2,588)
Change in Funded Status of Pension, SERP and PBOP Benefit Plans	(2,745)	(2,869)	7,674
Other Comprehensive (Loss)/Income, Net of Tax	(1,121)	1,562	7,165
Comprehensive Income	\$ 986,875	\$ 943,864	\$ 885,650

See the Combined Notes to Financial Statements in this Annual Report on Form 10-K for a description of significant accounting matters related to Eversource parent, including Eversource common shares information as described in Note 17, "Common Shares," material obligations and guarantees as described in Note 11, "Commitments and Contingencies," and debt agreements as described in Note 7, "Short-Term Debt," and Note 8, "Long-Term Debt."

SCHEDULE I
EVERSOURCE ENERGY (PARENT)
FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 and 2015
(Thousands of Dollars)

	2017	2016	2015
Operating Activities:			
Net Income	\$ 987,996	\$ 942,302	\$ 878,485
Adjustments to Reconcile Net Income to Net Cash			
Flows Provided by Operating Activities:			
Equity in Earnings of Subsidiaries	(993,063)	(922,321)	(900,824)
Cash Dividends Received from Subsidiaries	753,300	724,877	602,300
Deferred Income Taxes	37,867	19,008	16,880
Other	(36,052)	(27,963)	(22,864)
Changes in Current Assets and Liabilities:			
Accounts Receivables from Subsidiaries	29,405	(9,173)	(16,980)
Taxes Receivable/Accrued, Net	1,555	8,050	(14,426)
Accounts Payable, Including Affiliate Payables	9,763	(6,908)	(134,730)
Other Current Assets and Liabilities, Net	7,536	(7,433)	6,832
Net Cash Flows Provided by Operating Activities	<u>798,307</u>	<u>720,439</u>	<u>414,673</u>
Investing Activities:			
Capital Contributions to Subsidiaries	(1,156,731)	(589,500)	(218,500)
(Increase)/Decrease in Notes Receivable from Subsidiaries	(192,100)	14,510	(131,650)
Other Investing Activities	1,484	—	12,000
Net Cash Flows Used in Investing Activities	<u>(1,347,347)</u>	<u>(574,990)</u>	<u>(338,150)</u>
Financing Activities:			
Cash Dividends on Common Shares	(602,083)	(564,486)	(529,791)
Issuance of Long-Term Debt	1,200,000	500,000	450,000
Decrease in Notes Payable	(42,690)	(76,453)	(2,622)
Other Financing Activities	(5,759)	(4,484)	5,819
Net Cash Flows Provided by/(Used in) Financing Activities	<u>549,468</u>	<u>(145,423)</u>	<u>(76,594)</u>
Net Increase/(Decrease) in Cash	428	26	(71)
Cash - Beginning of Year	93	67	138
Cash - End of Year	<u>\$ 521</u>	<u>\$ 93</u>	<u>\$ 67</u>
Supplemental Cash Flow Information:			
Cash Paid/(Received) During the Year for:			
Interest	<u>\$ 73,868</u>	<u>\$ 58,018</u>	<u>\$ 43,024</u>
Income Taxes	<u>\$ (59,526)</u>	<u>\$ (65,531)</u>	<u>\$ (34,680)</u>

See the Combined Notes to Financial Statements in this Annual Report on Form 10-K for a description of significant accounting matters related to Eversource parent, including Eversource common shares information as described in Note 17, "Common Shares," material obligations and guarantees as described in Note 11, "Commitments and Contingencies," and debt agreements as described in Note 7, "Short-Term Debt," and Note 8, "Long-Term Debt."

SCHEDULE II
EVERSOURCE ENERGY AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(Thousands of Dollars)

Column A	Column B		Column C		Column D	Column E
			Additions			
			(1)	(2)		
Description:	Balance as of Beginning of Year		Charged to Costs and Expenses	Charged to Other Accounts - Describe (a)	Deductions - Describe (b)	Balance as of End of Year
<u>Eversource:</u>						
Reserves Deducted from Assets -						
Reserves for Uncollectible Accounts:						
2017	\$ 200,630	\$	44,665	\$ 47,630	\$ 97,217	\$ 195,708
2016	190,680		69,466	45,452	104,968	200,630
2015	175,317		51,077	79,622	115,336	190,680
<u>CL&P:</u>						
Reserves Deducted from Assets -						
Reserves for Uncollectible Accounts:						
2017	\$ 86,391	\$	5,312	\$ 25,533	\$ 38,364	\$ 78,872
2016	79,479		17,572	28,801	39,461	86,391
2015	84,287		10,105	30,592	45,505	79,479
<u>NSTAR Electric:</u>						
Reserves Deducted from Assets -						
Reserves for Uncollectible Accounts:						
2017	\$ 70,284	\$	21,252	\$ 14,273	\$ 36,143	\$ 69,666
2016	66,676		31,728	11,253	39,373	70,284
2015	50,550		19,168	36,977	40,019	66,676
<u>PSNH:</u>						
Reserves Deducted from Assets -						
Reserves for Uncollectible Accounts:						
2017	\$ 9,941	\$	6,917	\$ 464	\$ 6,841	\$ 10,481
2016	8,733		7,288	498	6,578	9,941
2015	7,663		8,889	841	8,660	8,733

- (a) Amounts relate to uncollectible accounts receivables reserved for that are not charged to bad debt expense. The PURA allows CL&P and Yankee Gas to accelerate the recovery of accounts receivable balances attributable to qualified customers under financial or medical duress (uncollectible hardship accounts receivable) outstanding for greater than 180 days and 90 days, respectively. The DPU allows NSTAR Electric and NSTAR Gas to recover in rates, amounts associated with certain uncollectible hardship accounts receivable.
- (b) Amounts written off, net of recoveries.

EXHIBIT INDEX

Each document described below is incorporated by reference by the registrant(s) listed to the files identified, unless designated with a (*), which exhibits are filed herewith. Management contracts and compensation plans or arrangements are designated with a (+).

Exhibit

Number Description

3. Articles of Incorporation and By-Laws

(A) Eversource Energy

1

3.1 Declaration of Trust of Eversource Energy, as amended through May 3, 2017 ([Exhibit 3.1, Eversource Form 10-Q filed on May 5, 2017](#))

(B) The Connecticut Light and Power Company

3.1 Certificate of Incorporation of CL&P, restated to March 22, 1994 (Exhibit 3.2.1, 1993 CL&P Form 10-K, File No. 000-00404) ([Exhibit 3.2.1, 1993 CL&P Form 10-K, File No. 000-00404](#))

3.1.1 Certificate of Amendment to Certificate of Incorporation of CL&P, dated December 26, 1996 ([Exhibit 3.2.2, 1996 CL&P Form 10-K filed March 25, 1997, File No. 001-11419](#))

3.1.2 Certificate of Amendment to Certificate of Incorporation of CL&P, dated April 27, 1998 ([Exhibit 3.2.3, 1998 CL&P Form 10-K filed March 23, 1999, File No. 000-00404](#))

3.1.3 Amended and Restated Certificate of Incorporation of CL&P, dated effective January 3, 2012 ([Exhibit 3\(i\), CL&P Current Report on Form 8-K filed January 9, 2012, File No. 000-00404](#))

3.2 By-laws of CL&P, as amended and restated effective September 29, 2014 ([Exhibit 3.1, CL&P Current Report on Form 8-K filed October 2, 2014, File No. 000-00404](#))

(C) NSTAR Electric Company

3.1 Restated Articles of Organization of NSTAR Electric Company, fka Boston Edison Company ([Exhibit 3.1, NSTAR Electric Form 10-Q for the Quarter Ended June 30, 1994 filed August 12, 1994, File No. 001-02301](#))

3.2 Bylaws of NSTAR Electric Company, as amended and restated effective September 29, 2014 ([Exhibit 3.1, NSTAR Electric Current Report on Form 8-K filed October 2, 2014, File No. 000-02301](#))

(D) Public Service Company of New Hampshire

3.1 Articles of Incorporation, as amended to May 16, 1991 ([Exhibit 3.3.1, 1993 PSNH Form 10-K filed March 25, 1994, File No. 001-06392](#))

3.2 By-laws of PSNH, as in effect June 27, 2008 ([Exhibit 3, PSNH Form 10-Q for the Quarter Ended June 30, 2008 filed August 7, 2008, File No. 001-06392](#))

4. Instruments defining the rights of security holders, including indentures

(A) Eversource Energy

4.1 Indenture between Eversource Energy and The Bank of New York as Trustee dated as of April 1, 2002 ([Exhibit A-3, Eversource Energy 35-CERT filed April 16, 2002, File No. 070-09535](#))

4.1.1 Fifth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of May 1, 2013, relating to \$300 million of Senior Notes, Series E, due 2018 and \$4 million of Senior Notes, Series F, due 2023 ([Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed May 16, 2013, File No. 001-05324](#))

4.1.2 Sixth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of January 1, 2015, relating to \$150 million of Senior Notes, Series G, due 2018 and \$300 million of Senior Notes, Series H, due 2025 ([Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed January 21, 2015, File No. 001-05324](#))

4.1.3 Seventh Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of March 7, 2016, relating to \$250 million of Senior Notes, Series I, due 2021 and \$250 million of Senior Notes, Series J, due 2026 ([Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed March 15, 2016, File No. 001-05324](#))

4.1.4 Eighth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of March 10, 2017, relating to \$300 million of Senior Notes, Series K, Due 2022 ([Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed March 16, 2017, File No. 001-05324](#))

4.1.5 Ninth Supplemental Indenture between Eversource Energy and The Bank of New York Trust Company N.A., as Trustee, dated as of October 1, 2017, relating to \$450 million of Senior Notes, Series K, due 2022 and \$450 million of Senior Notes, Series L, due 2024 ([Exhibit 4.1, Eversource Energy Current Report on Form 8-K filed October 12, 2017, File No. 001-05324](#))

4.2 Indenture dated as of January 12, 2000, between Eversource Energy, as successor to NSTAR LLC, as successor to NSTAR, and Bank One Trust Company N.A. ([Exhibit 4.1 to NSTAR Registration Statement on Form S-3, filed January 14, 2000, on File No. 333-94735](#))

4.2.1 Form of 4.50% Debenture Due 2019 ([Exhibit 99.2, NSTAR Form 8-K filed November 16, 2009, File No. 001-14768](#))

(B) The Connecticut Light and Power Company

* 4.1 [Indenture of Mortgage and Deed of Trust between CL&P and Bankers Trust Company, Trustee, dated as of May 1, 1921 \(Composite including all twenty-four amendments to May 1, 1967\)](#)

4.1.1 Series D Supplemental Indentures to the Composite May 1, 1921 Indenture of Mortgage and Deed of Trust between CL&P and Bankers Trust Company, dated as of October 1, 1994 ([Exhibit 4.2.16, 1994 CL&P Form 10-K filed March 27, 1995, File No. 001-11419](#))

4.1.2 Series B Supplemental Indenture between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of September 1, 2004 ([Exhibit 99.5, CL&P Current Report on Form 8-K filed September 22, 2004, File No. 000-00404](#))

4.2 Composite Indenture of Mortgage and Deed of Trust between CL&P and Deutsche Bank Trust Company Americas f/k/a Bankers Trust Company, dated as of May 1, 1921, as amended and supplemented by seventy-three supplemental mortgages to and including Supplemental Mortgage dated as of April 1, 2005 ([Exhibit 99.5, CL&P Current Report on Form 8-K filed April 13, 2005, File No. 000-00404](#))

4.2.1 Supplemental Indenture (2005 Series B Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of April 1, 2005 ([Exhibit 99.2, CL&P Current Report on Form 8-K filed April 13, 2005, File No. 000-00404](#))

4.2.2 Supplemental Indenture (2006 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of June 1, 2006 ([Exhibit 99.2, CL&P Current Report on Form 8-K filed June 7, 2006, File No. 000-00404](#))

4.2.3 Supplemental Indenture (2007 Series A Bonds and 2007 Series B Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of March 1, 2007 ([Exhibit 99.2, CL&P Current Report on Form 8-K filed March 29, 2007, File No. 000-00404](#))

4.2.4 Supplemental Indenture (2007 Series C Bonds and 2007 Series D Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of September 1, 2007 ([Exhibit 4, CL&P Current Report on Form 8-K filed September 19, 2007, File No. 000-00404](#))

- 4.2.5 Supplemental Indenture (2008 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of May 1, 2008 ([Exhibit 4, CL&P Current Report on Form 8-K filed May 29, 2008, File No. 000-00404](#))
- 4.2.6 Supplemental Indenture (2009 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of February 1, 2009 ([Exhibit 4, CL&P Current Report on Form 8-K filed February 19, 2009, File No. 000-00404](#))
- 4.2.7 Supplemental Indenture (2013 Series A Bond) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of January 1, 2013 ([Exhibit 4.1, CL&P Current Report on Form 8-K filed January 22, 2013, File No. 000-00404](#))
- 4.2.8 Supplemental Indenture (2014 Series A Bond) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of April 1, 2014 ([Exhibit 4.1, CL&P Current Report on Form 8-K filed April 29, 2014, File No. 000-00404](#))
- 4.2.9 Supplemental Indenture (2015 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of May 1, 2015 ([Exhibit 4.1, CL&P Current Report on Form 8-K filed May 26, 2015, File No. 000-00404](#))
- 4.2.10 Supplemental Indenture (2015 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of November 1, 2015 ([Exhibit 4.1, CL&P Current Report on Form 8-K filed December 4, 2015, File No. 000-00404](#))
- 4.2.11 Supplemental Indenture (2017 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of March 1, 2017 ([Exhibit 4.1, CL&P Current Report on Form 8-K filed on March 16, 2017, File No. 000-00404](#))
- 4.2.12 Supplemental Indenture (2014 Series A Bonds) between CL&P and Deutsche Bank Trust Company Americas, as Trustee dated as of August 1, 2017 ([Exhibit 4.1, CL&P Current Report on Form 8-K filed August 23, 2017, File No. 000-00404](#))
- 4.3 Loan Agreement between Connecticut Development Authority and CL&P (Pollution Control Revenue Refunding Bonds - 2011A Series) dated as of October 1, 2011 ([Exhibit 1.1, CL&P Current Report on Form 8-K filed October 28, 2011, File No. 000-00404](#))

(C)

NSTAR Electric Company

* 4.1 [Indenture between Boston Edison Company and the Bank of New York \(as successor to Bank of Montreal Trust Company\)](#)

4.1.1 A Form of 5.75% Debenture Due March 15, 2036 ([Exhibit 99.2, Boston Edison Company Current Report on Form 8-K filed March 17, 2006, File No. 001-02301](#))

4.1.2 A Form of 5.50% Debenture Due March 15, 2040 ([Exhibit 99.2, NSTAR Electric Company Current Report on Form 8-K filed March 15, 2010, File No. 001-02301](#))

4.1.3 A Form of 2.375% Debenture Due 2022 ([Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed October 18, 2012, File No. 001-02301](#))

4.1.4 A Form of 4.40% Debenture Due 2044 ([Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed March 13, 2014, File No. 001-02301](#))

4.1.5 A Form of 3.25% Debenture due 2025 ([Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed on November 20, 2015, File No. 001-02301](#))

4.1.6 A Form of 2.70% Debenture due 2026 ([Exhibit 4, NSTAR Electric Company Current Report on Form 8-K filed on May, 31, 2016, File No. 001-02301](#))

4.1.7 Form of 3.20% Debenture due May 15, 2027 ([Exhibit 4, NSTAR Electric Company Current Report on Form 8-K/A filed on October 12, 2017 File No. 001-02301](#))

* 4.2 [Amended and Restated Credit Agreement, dated December 8, 2017, by and between NSTAR Electric Company and the Banks named therein, pursuant to which Barclays Bank PLC serves as Administrative Agent and Swing Line Lender](#)

4.3 Indenture between NSTAR Electric Company, as successor to Western Massachusetts Electric Company ("WMECO"), and The Bank of New York, as Trustee, dated as of September 1, 2003 ([Exhibit 99.2, WMECO Current Report on Form 8-K filed October 8, 2003, File No. 000-07624](#))

4.3.1 Second Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York, as Trustee dated as of September 1, 2004 ([Exhibit 4.1, WMECO Current Report on Form 8-K filed September 27, 2004, File No. 000-07624](#))

4.3.2 Fourth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust, as Trustee, dated as of August 1, 2007 ([Exhibit 4.1, WMECO Current Report on Form 8-K filed August 20, 2007, File No. 000-07624](#))

4.3.3 Fifth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of March 1, 2010 ([WMECO Current Report on Form 8-K filed March 10, 2010, File No. 000-07624](#))

4.3.4 Sixth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of September 15, 2011 ([Exhibit 4.1, WMECO Current Report on Form 8-K filed September 19, 2011, File No. 000-07624](#))

4.3.5 Seventh Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of November 1, 2013 ([Exhibit 4.1, WMECO Current Report on Form 8-K filed November 21, 2013, File No. 000-07624](#))

4.3.6 Eighth Supplemental Indenture between NSTAR Electric Company, as successor to WMECO, and The Bank of New York Trust Company, N.A., as Trustee, dated as of June 1, 2016 ([Exhibit 4.1, WMECO Current Report on Form 8-K filed June 29, 2016, File No. 000-07624](#))

(D) Public Service Company of New Hampshire

4.1 First Mortgage Indenture between PSNH and First Fidelity Bank, National Association, New Jersey, now First Union National Bank, Trustee, dated as of August 15, 1978 (Composite including all amendments effective June 1, 2011) ([included as Exhibit C to the Eighteenth Supplemental Indenture filed as Exhibit 4.1 to PSNH Current Report on Form 8-K filed June 2, 2011, File No. 001-06392](#))

4.1.1 Fourteenth Supplemental Indenture between PSNH and Wachovia Bank, National Association successor to First Union National Bank, as successor to First Fidelity Bank, National Association, as Trustee dated as of October 1, 2005 ([Exhibit 99.2, PSNH Current Report on Form 8-K filed October 6, 2005, File No. 001-06392](#))

4.1.2 Sixteenth Supplemental Indenture between PSNH and U.S. Bank National Association, Trustee, dated as of May 1, 2008 ([Exhibit 4.1 to PSNH Current Report on Form 8-K filed May 29, 2008 \(File No.001-06392\)](#))

4.1.3 Seventeenth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of December 1, 2009 ([Exhibit 4.1, PSNH Current Report on Form 8-K filed December 15, 2009 \(File No. 001-06392\)](#))

4.1.4 Eighteenth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of May 1, 2011 ([Exhibit 4.1, PSNH Current Report on Form 8-K filed June 2, 2011 \(File No. 001-06392\)](#))

4.1.5 Nineteenth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of September 1, 2011 ([Exhibit 4.1, PSNH Current Report on Form 8-K filed September 16, 2011 \(File No. 001-06392\)](#))

4.1.6 Twentieth Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of November 1, 2013 ([Exhibit 4.1, PSNH Current Report on Form 8-K filed November 20, 2013 \(File No. 001-06392\)](#))

4.1.7 Twenty-first Supplemental Indenture, between PSNH and U.S. Bank National Association, as Trustee dated as of October 1, 2014 ([Exhibit 4.1, PSNH Current Report on Form 8-K filed October 17, 2014 \(File No. 001-06392\)](#))

4.2 Series A Loan and Trust Agreement among Business Finance Authority of the State of New Hampshire and PSNH and State Street Bank and Trust Company, as Trustee (Tax Exempt Pollution Control Bonds) dated as of October 1, 2001 ([Exhibit 4.3.4, 2001 Eversource Energy Form 10-K filed March 22, 2002, File No. 001-05324](#))

(F) Eversource Energy, The Connecticut Light and Power Company and Public Service Company of New Hampshire

* 4.1 [Amended and Restated Credit Agreement, dated December 8, 2017, by and among Eversource Energy, CL&P, NSTAR Gas, PSNH and Yankee Gas Services Company and the Banks named therein, pursuant to which Bank of America, N.A. serves as Administrative Agent](#)

10. Material Contracts

(A) Eversource Energy

* 10.1 [Lease between The Rocky River Realty Company and Eversource Energy Service Company, dated as of July 1, 2008](#)

+ 10.2 Eversource Energy Board of Trustees' Compensation Arrangement Summary ([Exhibit 10.3, 2016 Eversource Energy Form 10-K filed February 23, 2017, File No. 001-05324](#))

+ 10.3 Amended and Restated Memorandum Agreement between Eversource Energy and Leon J. Olivier effective January 1, 2009 ([Exhibit 10.9, 2008 Eversource Energy Form 10-K filed February 27, 2009, File No. 001-05324](#))

+ 10.4 Eversource Supplemental Executive Retirement Program effective as of January 1, 2015 ([Exhibit 10.5, 2015 Eversource Energy Form 10-K filed February 26, 2016, File No. 001-05324](#))

+ 10.5 Eversource Energy Deferred Compensation Plan for Executives effective as of January 1, 2014 ([Exhibit 10.6, 2015 Eversource Energy Form 10-K filed February 26, 2016, File No. 001-05324](#))

10.6 Composite Transmission Service Agreement, by and between Northern Pass Transmission LLC, as Owner and H.Q. Hydro Renewable Energy, Inc., as Purchaser dated October 4, 2010 and effective February 14, 2014 ([Exhibit 10.5, 2013 Eversource Energy Form 10-K filed on February 25, 2014, File No. 001-05324](#))

+ 10.7 NSTAR Excess Benefit Plan, effective August 25, 1999 ([Exhibit 10.1 1999 NSTAR Form 10-K/A filed September 29, 2000, File No. 001-14768](#))

+ 10.7.1 NSTAR Excess Benefit Plan, incorporating the NSTAR 409A Excess Benefit Plan, as amended and restated effective January 1, 2008, dated December 24, 2008 ([Exhibit 10.1.1 2008 NSTAR Form 10-K filed February 9, 2009, File No. 001-14768](#))

+ 10.8 NSTAR 2007 Long Term Incentive Plan, effective May 3, 2007 (Exhibit 10.2, Eversource Energy Registration Statement on Form S-8 filed on May 8, 2012)

+ 10.8.1 Deferred Common Share/Dividend Equivalent Award, Stock Option Grant, Option Certificate and Performance Share Award/Dividend Equivalent Award Agreement Under the NSTAR 2007 Long Term Incentive Plan, by and between NSTAR and James J. Judge, dated January 24, 2008 ([Exhibit 10.8.2, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.8.2 Deferred Common Share/Dividend Equivalent Award, Stock Option Grant, Option Certificate and Performance Share Award/Dividend Equivalent Award Agreement Under the NSTAR 2007 Long Term Incentive Plan, by and between NSTAR and Joseph R. Nolan, dated January 24, 2008 ([Exhibit 10.8.4, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.8.3 Deferred Common Share/Dividend Equivalent Award, Stock Option Grant, Option Certificate and Performance Share Award/Dividend Equivalent Award Agreement Under the NSTAR 2007 Long Term Incentive Plan, by and between NSTAR and Werner J. Schweiger, dated January 24, 2008 ([Exhibit 10.8.5, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.8.4 Deferred Common Share/Dividend Equivalent Award, Stock Option Grant, Option Certificate and Performance Share Award/Dividend Equivalent Award Agreement Under the NSTAR 2007 Long Term Incentive Plan by and between NSTAR and NSTAR's other Senior Vice Presidents and Vice Presidents, dated January 24, 2008 (in form) ([Exhibit 10.8.6, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.9 Amended and Restated Change in Control Agreement by and between James J. Judge and NSTAR, dated November 15, 2007 ([Exhibit 10.9, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.10 Amended and Restated Change in Control Agreement by and between Joseph R. Nolan, Jr. and NSTAR, dated November 15, 2007 ([Exhibit 10.13, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.11 Amended and Restated Change in Control Agreement by and between Werner J. Schweiger and NSTAR, dated November 15, 2007 ([Exhibit 10.14, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.12 Amended and Restated Change in Control Agreement by and between Senior Vice President and NSTAR, dated November 15, 2007 ([Exhibit 10.15, 2007 NSTAR Form 10-K filed February 11, 2008, File No. 001-14768](#))

+ 10.13 Master Trust Agreement between NSTAR and State Street Bank and Trust Company (Rabbi Trust), effective August 25, 1999 ([Exhibit 10.5, NSTAR Form 10-Q for the Quarter Ended September 30, 2000 filed November 14, 2000, File No. 001-14768](#))

+ 10.14 Currently effective Change in Control Agreement between NSTAR's Vice Presidents and NSTAR (in form) ([Exhibit 10.17, 2009 NSTAR Form 10-K filed February 25, 2010, File No. 001-14768](#))

(B) Eversource Energy, The Connecticut Light and Power Company, NSTAR Electric Company and Public Service Company of New Hampshire

10.1 Amended and Restated Form of Service Contract between each of Eversource Energy, CL&P, NSTAR Electric Company and Eversource Energy Service Company dated as of January 1, 2014. ([Exhibit 10.1, Eversource Energy Form 10-K filed on February 25, 2014, File No. 001-05324](#))

10.2 Transmission Operating Agreement between the Initial Participating Transmission Owners, Additional Participating Transmission Owners and ISO New England, Inc. dated as of February 1, 2005 ([Exhibit 10.29, 2004 Eversource Energy Form 10-K filed March 17, 2005, File No. 001-05324](#))

10.2.1 Rate Design and Funds Disbursement Agreement among the Initial Participating Transmission Owners, Additional Participating Transmission Owners and ISO New England, Inc., effective June 30, 2006 ([Exhibit 10.22.1, 2006 Eversource Energy Form 10-K filed March 1, 2007, File No. 001-05324](#))

10.3 Eversource Energy's Third Amended and Restated Tax Allocation Agreement dated as of April 10, 2012, ([Exhibit 10.1 Eversource Energy Form 10-Q for Quarter Ended June 30, 2012 filed August 7, 2012, File No. 001-05324](#))

+ 10.4 Amended and Restated Incentive Plan Effective January 1, 2009 ([Exhibit 10.3, Eversource Energy Form 10-Q for the Quarter Ended September 30, 2008 filed November 10, 2008, File No. 001-05324](#))

+ 10.5 Trust under Supplemental Executive Retirement Plan dated May 2, 1994 ([Exhibit 10.33, 2002 Eversource Energy Form 10-K filed March 21, 2003, File No. 001-05324](#))

+ 10.5.1 First Amendment to Trust Under Supplemental Executive Retirement Plan, effective as of December 10, 2002 ([Exhibit 10 \(B\) 10.19.1, 2003 Eversource Energy Form 10-K filed March 12, 2004, File No. 001-05324](#))

+ 10.5.2 Second Amendment to Trust Under Supplemental Executive Retirement Plan, effective as of November 12, 2008 ([Exhibit 10.12.2, 2008 Eversource Energy Form 10-K filed February 27, 2009, File No. 001-05324](#))

+ 10.6 Special Severance Program for Officers of Eversource Energy Companies as of January 1, 2009 ([Exhibit 10.2 Eversource Energy Form 10-Q for Quarter Ended September 30, 2008 filed November 10, 2008, File No. 001-05324](#))

+ 10.7 Amended and Restated Employment Agreement with Gregory B. Butler, effective January 1, 2009 ([Exhibit 10.7, 2008 Eversource Energy 2010 Form 10-K filed February 27, 2009, File No. 001-05324](#))

(C) Eversource Energy, The Connecticut Light and Power Company, Public Service Company of New Hampshire and NSTAR Electric Company

10.1 Agreements among New England Utilities with respect to the Hydro-Quebec interconnection projects

* 10.1.1 [Composite conformed copy of Equity Funding Agreement for New England Hydro-Transmission Electric Company, Inc., dated as of June 1, 1985 \(Massachusetts\)](#)

* 10.1.2 [Composite conformed copy of Equity Funding Agreement for New England Hydro-Transmission Electric Company, Inc., dated as of June 1, 1985 \(New Hampshire\)](#)

* 10.1.3 [Composite conformed copy of Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985](#)

* 10.1.4 [Composite conformed copy of Phase II New England Power AC Facilities Support Agreement dated June 1, 1985](#)

* 10.1.5 [Composite conformed copy of Phase II New Hampshire Transmission Facilities Support Agreement dated as of June 1, 1985](#)

10.2 Eversource Energy Service Company Transmission and Ancillary Service Wholesale Revenue Allocation Methodology among The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire, Holyoke Water Power Company and Holyoke Power and Electric Company Trustee dated as of January 1, 2008 ([Exhibit 10.1, Eversource Energy Form 10-Q for the Quarter Ended March 31, 2008 filed May 9, 2008, File No. 001-05324](#))

(D) Eversource Energy and The Connecticut Light and Power Company

10.1 CL&P Agreement Re: Connecticut NEEWS Projects by and between CL&P and The United Illuminating Company dated July 14, 2010 ([Exhibit 10, CL&P Form 10-Q for the Quarter Ended June 30, 2010 filed August 6, 2010, File No. 000-00404](#))

(E) Eversource Energy and Public Service Company of New Hampshire

* 10.1 [Purchase and Sale Agreement between Public Service Company of New Hampshire and Granite Shore Power LLC, dated as of October 11, 2017](#)

* 10.2 [Purchase and Sale Agreement between Public Service Company of New Hampshire and HSE Hydro NH AC, LLC dated as of October 11, 2017](#)

* 12. Ratio of Earnings to Fixed Charges

(A) [Eversource Energy](#)

(B) [The Connecticut Light and Power Company](#)

(C) [NSTAR Electric Company](#)

(D) [Public Service Company of New Hampshire](#)

- * 21. [Subsidiaries of the Registrant](#)
- * 23. [Consents of Independent Registered Public Accounting Firm](#)
- * 31. Rule 13a - 14(a)/15 d - 14(a) Certifications
 - (A) Eversource Energy
 - 31 [Certification by the Chief Executive Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
 - 31.1 [Certification by the Chief Financial Officer of Eversource Energy pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
 - (B) The Connecticut Light and Power Company
 - 31 [Certification by the Chairman of CL&P pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
 - 31.1 [Certification by the Chief Financial Officer of CL&P pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
 - (C) NSTAR Electric Company
 - 31 [Certification by the Chairman of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
 - 31.1 [Certification by the Chief Financial Officer of NSTAR Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
 - (D) Public Service Company of New Hampshire
 - 31 [Certification by the Chairman of PSNH pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
 - 31.1 [Certification by the Chief Financial Officer of PSNH pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- *32 18 U.S.C. Section 1350 Certifications
 - (A) Eversource Energy
 - 32 [Certification by the Chief Executive Officer and Chief Financial Officer of Eversource Energy pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
 - (B) The Connecticut Light and Power Company
 - 32 [Certification by the Chairman and the Chief Financial Officer of CL&P pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
 - (C) NSTAR Electric Company
 - 32 [Certification by the Chairman and the Chief Financial Officer of NSTAR Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
 - (D) Public Service Company of New Hampshire
 - 32 [Certification by the Chairman and the Chief Financial Officer of PSNH pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema
*101.CAL	XBRL Taxonomy Extension Calculation
*101.DEF	XBRL Taxonomy Extension Definition
*101.LAB	XBRL Taxonomy Extension Labels
*101.PRE	XBRL Taxonomy Extension Presentation

COMPOSITE (Including All Amendments to May 1, 1967)

Indenture of Mortgage and Deed of Trust

Dated as of May 1, 1921

THE CONNECTICUT LIGHT AND POWER COMPANY

TO

BANKERS TRUST COMPANY,
Trustee

As Amended by Twenty-Four Supplemental Indentures
(to and including Supplemental Indenture dated as of May 1, 1967)

THE CONNECTICUT LIGHT AND POWER COMPANY

Indenture of Mortgage and Deed of Trust

**Dated as of May 1, 1921
(as amended to May 1, 1967)**

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THIS INDENTURE, dated as of the first day of May, 1921, between THE CONNECTICUT LIGHT AND POWER COMPANY, a corporation of the State of Connecticut (hereinafter called "Company"), party of the first part, and BANKERS TRUST COMPANY, a corporation organized and existing under the laws of the State of New York (hereinafter called "Trustee"), party of the second part, Witnesseth:

(Recitals omitted.)

Now, Therefore, This Indenture Witnesseth, that the Company, for and in consideration of the premises and the sum of One Dollar (\$1.) to it in hand paid by the Trustee, the receipt whereof is hereby acknowledged, and of other valuable considerations, in order to secure the payment of the principal and interest of all said bonds according to their tenor, and the faithful performance of the covenants herein contained, has granted, bargained, sold, assigned, mortgaged, pledged; transferred, set over, aliened, enfeoffed, released, conveyed and confirmed, and by these presents does grant, bargain, sell, assign, mortgage, pledge, transfer, set over, alien, enfeoff, release, convey and confirm unto the Bankers Trust Company, as Trustee, and its successor or successors in the trust hereby created, and its and their assigns, all the following described property, rights, privileges, and franchises of the Company, viz:

(All descriptions of real estate rights, privileges and easements and all references to prior encumbrances have been omitted herein.)

TOGETHER with all plants, buildings, structures, improvements and machinery located upon said real estate or any portion thereof, and all rights, privileges and easements of every kind and nature appurtenant thereto; and all and singular the tenements, hereditaments and appurtenances belonging to the real estate or any part thereof hereinbefore described or referred to or intended so to be, or in any wise appertaining thereto, and the reversions, remainders, rents, issues and profits thereof; also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the Company, of, in and to the same and any and every part thereof, with the appurtenances.

TOGETHER with the following electrical transmission lines and distributing systems:

(All descriptions of electrical transmission lines, and distributing systems have been omitted herein.)

Also all real estate, easements, rights-of-way, water rights, riparian rights, flowage rights, dams, ponds, lakes, reservoirs, canals, water-ways, water power

properties, gas and electric light, heat and power plants and systems, power houses, steam stations, substations, transformer houses, tunnels, subways, bridges, viaducts, locks, ware-houses, store-houses, tool houses, dwelling houses, out-houses, buildings, structures, plants, machinery and apparatus, waterwheels, turbines, gates, valves, piping, pumps, furnaces, boilers, engines, steam engines, gas engines, steam turbines, dynamos, generators, turbo-generators, motor generators, rotary converters, transformers, switches, switch-boards, appliances, equipment, tools, fixtures, electric transmission lines and systems, electric distribution lines and systems, gas distribution lines and systems, telephone lines and systems, towers, poles, cross-arms, insulators, cables, wires, conduits, ducts, man-holes, devices, motors, meters, lamps, shops, trucks, automobiles, wagons, vehicles, instruments, and, except as herein otherwise provided, all property, real and personal of whatsoever character, and wherever situated, and all rights, privileges, and franchises, now or at any time hereafter acquired, owned, held or possessed by the Company.

Also all the estate, right, title and interest granted to the Company by the Housatonic Power Company by an instrument in writing, dated August 9, 1917, in and to certain franchises, plants and appurtenances necessary for or particularly connected with the generation or distribution for sale of gas or electricity within the State of Connecticut, which were demised or leased for the term of nine hundred and ninety-nine (999) years by the Connecticut Railway and Lighting Company to The Consolidated Railway Company by instrument in writing, dated December 19, 1906, recorded in the office of the Secretary of State of the State of Connecticut in Volume 7, page 140, and which were in turn assigned by two certain mesne conveyances, both dated February 28, 1910, executed by The New York, New Haven and Hartford Railroad Company (formerly The Consolidated Railway Company) to the Housatonic Power Company; also all the estate, right, title and interest granted to the Company by The United Electric Light and Water Company by instrument in writing, also dated August 9, 1917, in and to certain of the aforesaid franchises, plants and appurtenances and which were assigned by a certain mesne conveyance, dated December 30, 1911, executed by The New York, New Haven and Hartford Railroad Company (formerly The Consolidated Railway Company) and the Housatonic Power Company, to The United Electric Light and Water Company; subject, however, to the interpretation and determination of such estate, right, title and interest as contained in a certain agreement, dated June 27, 1917, between Connecticut Railway and Lighting Company, Housatonic Power Company, The United Electric Light and Water Company, and The New York, New Haven and Hartford Railroad Company, as amended by an agreement dated July 23, 1918, between

Connecticut Railway and Lighting Company, Housatonic Power Company, The United Electric Light and Water Company, The New York, New Haven and Hartford Railroad Company, and The Connecticut Light and Power Company, and as contained in a certain agreement dated April 26, 1921 between Connecticut Railway and Lighting Company, The New York, New Haven and Hartford Railroad Company and The Connecticut Light and Power Company, all the rights and obligations whereof inure to and are obligatory upon the Company, said two mesne conveyances to the Housatonic Power Company dated February 28, 1910, and said agreement dated June 27, 1917, as amended by said agreement dated July 23, 1918, being hereinafter referred to in Section 3.05 and in Section 8.02 of this indenture as "said agreements dated February 28, 1910, June 27, 1917, and July 23, 1918, referred to in the granting clause hereof."

Also all rents, tolls, earnings, profits, revenues, dividends and income arising or to arise from any property now or hereafter owned, leased or operated by the Company.

Also all rights, claims, patents, patent rights, agreements, accounts receivable and other cash assets, contracts, leases, lease-hold interests, of every kind and nature whatsoever, now owned or hereafter acquired by the Company.

Excepting, however, from the lien and operation of this indenture, all the franchises and property, real and personal, plants and appurtenances lately of the Village Water Company, of Suffield, Connecticut, which are necessary for or particularly connected with the pumping, distribution and sale of water throughout the territory covered by the charter of said Village Water Company, and which were demised and leased by an instrument in writing dated September 9, 1912, by the Housatonic Power Company to The Enfield Electric Light and Power Company for a term of ninety-nine (99) years, with an option to purchase.*

Excepting, however, from the lien and operation of this indenture, stocks; bonds or other obligations of other corporations now owned or hereafter acquired by the Company, unless the same shall be deposited by the Company with the Trustee as provided in this indenture.

It is the intention and it is hereby agreed that all property of the kind hereinbefore described acquired by the Company after the date hereof, shall, except as otherwise provided herein, be as fully embraced within the provisions of this indenture, and subject to the lien hereby created, as if the said property were now owned by the Company, and were specifically described herein and conveyed hereby.

** The franchises and property of the Village Water Company referred to in the text were disposed of by the Company in 1956.*

TO HAVE AND TO HOLD all and singular the property, rights, privileges and franchises hereby granted or mentioned or intended so to be, together with all and singular the reversions, remainders, rents, revenues, incomes, issues and profits, privileges and appurtenances, now or hereafter belonging or in anywise appertaining thereto, unto the Trustee and its successors in the trust hereby created and its and their assigns, forever; subject, however, as to the properties embraced in the indenture of mortgage and supplemental mortgage of The New Milford Power Company to the Central Trust Company of New York, dated February 24, 1902, and February 16, 1904, respectively, securing an issue of Five Per Cent. First Mortgage Thirty-Year Gold Bonds of The New Milford Power Company, to an aggregate principal amount of One Million Dollars (\$1,000,000), all of which have been issued and are now outstanding, to the lien of said mortgage and supplemental mortgage, but only insofar as by the terms of said mortgage and supplemental mortgage they attach to any part or parts of the properties, plants and systems of the Company, and subject further, however, to the aforesaid agreement between The New York, New Haven and Hartford Railroad Company, The New England Navigation Company, Housatonic Power Company, The United Gas Improvement Company, and The Connecticut Light and Power Company, dated July 23, 1918, and recorded in New Milford Land Records, Vol. 76, page 53, but only insofar as by the terms of said agreement it attaches to any part or parts of the properties, plants and systems of the Company.

But in trust, nevertheless, for the equal and proportionate benefit and security of all present and future holders of the bonds and coupons issued and to be issued hereunder and secured by this indenture, and to secure the payment of such bonds and the interest thereon when payable in accordance with the provisions thereof or hereof, and to secure the performance of and compliance with the covenants and conditions of this indenture without preference, priority or distinction, except as provided in Section 10.01 hereof, as to lien or otherwise of any one bond over any other bond by reason of priority in the issue or negotiation thereof, and under and subject to the provisions and conditions and for the uses and purposes hereinafter set forth.

And it is hereby covenanted that all such bonds, with the coupons for the interest thereon, are to be issued, authenticated and delivered, and that the mortgaged premises are to be held by the Trustee upon and subject to the following covenants, provisions and conditions and for the uses and purposes hereinafter set forth, as follows, to wit:

** The new Milford Power Company mortgage referred to in the text was discharged and released in 1932.*

ARTICLE 1.

Definitions.

SECTION 1.01. *Defined Terms.* The terms defined in this Section shall, for all purposes of this indenture and of all indentures supplemental hereto entered into in accordance with the provisions hereof, have the meanings herein specified, unless the context otherwise specifies or requires. Unless herein otherwise defined or unless the context otherwise specifies or requires, all terms used in the Mortgage which are defined (expressly or by reference to the Securities Act of 1933, as amended) in the Trust Indenture Act of 1939, as amended, shall have the meanings assigned to them in said Act as it was in force on April 1, 1967.

(a) *Accountant:*

The term "accountant" shall mean an individual, partnership or corporation qualified to pass upon accounting questions, whether or not employed by or in any way affiliated with the Company.

(b) *Accountants certificate:*

The term "accountant's certificate" shall mean a certificate or opinion signed by an accountant appointed by the Company and acceptable to the Trustee, and conforming to the requirements of Section 15.03.

(c) *Affiliate:*

The term "affiliate" when used with regard to the Company or to any other person shall mean a person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company or such other person, as the case may be. A person shall be deemed to control a corporation, for the purpose of this definition, if such person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract, or otherwise.

(d) *Appraiser:*

The term "appraiser" shall mean an individual, partnership or corporation qualified to determine the value of the property or securities in question, whether or not employed by or in any way affiliated with the Company.

(e) *Appraiser's certificate:*

The term "appraiser's certificate" shall mean a certificate or opinion signed by an appraiser appointed by the Company and acceptable to the Trustee, and conforming to the requirements of Section 15.03.

(f) *Board of Directors:*

The term "Board" or "Board of Directors" shall mean the Board of Directors of the Company.

(g) *Bondable property additions:*

The term "bondable property additions" shall mean the amount of bondable property additions made the basis for action under the Mortgage as specified in item (xv) of a bondable property certificate filed with the Trustee.

(h) *Bondable property certificate:*

The term "bondable property certificate" shall mean an accountant's certificate conforming to the requirements of Section 15.03 filed with the Trustee and complying with the requirements of Subdivision (1) of Section 3.57;

(i) *Bondholders:*

The term "bondholders" or "holders of the bonds" or "holders" shall mean the bearers of any coupon bonds the ownership of which is not at the time registered as to principal, the registered owners of any coupon bonds which are at the time duly registered as to principal, and the registered owners of any fully registered bonds.

Any reference to a particular percentage or proportion of holders shall mean the holders at the particular time of the specified percentage or pro portion in aggregate principal amount of all bonds then outstanding exclusive of bonds (whether or not theretofore issued) owned by the Company or

any other obligor upon the bonds or by any affiliate of the Company or of any other obligor upon the bonds and whether held in the treasury of the Company or of such obligor or of any such affiliate or pledged to secure any indebtedness; provided, however, that where such reference is made in connection with the protection of the Trustee in acting upon the direction or consent of a specified proportion of bondholders or of holders of bonds of a specific series, such bonds so held shall be excluded only if known to the Trustee to be so held; and provided, further, that bonds so pledged may be regarded as outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such bonds and that the pledgee is not an affiliate of the Company or of any other obligor upon the bonds.

(j) *Bonds:*

The term "bond" or "bonds" shall mean a bond or bonds issued under the Mortgage.

(k) *Certified resolution; resolution:*

The term "certified resolution" or "resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company, under its corporate seal, to have been duly adopted by the Board or the Executive Committee of the Board and to be in full force and effect on the date of such certification.

(l) *Company:*

The term "Company" shall mean the party of the first part hereto, The Connecticut Light and Power Company, and, subject to Article 7, shall also include its successors and assigns.

(m) *Corporation:*

The term "corporation" shall also include voluntary associations, joint stock companies and business trusts.

(n) *Cost:*

The term "cost" (except as used in Article 3, Article 8 and Section 9.02), when used with respect to any particular property additions or other property

acquired or constructed by the Company, means the actual cost (or, if not known, estimated cost) thereof to the Company, determined in accordance with the Uniform System. (o) Counsel:

The term "counsel" shall mean counsel, who may be of counsel to the Company, appointed by the Company and acceptable to the trustee.

(p) *Coupons*:

The term "coupon" or "coupons" shall mean any interest coupon or interest coupons, as the case may be, appertaining to the bonds.

(q) *CR&L Lease*:

The term "CR&L Lease" means the 999-year lease dated December 19, 1906 from Connecticut Railway and Lighting Company to The Consolidated Railway Company, recorded in the office of the Secretary of State of the State of Connecticut in Volume 7, Page 140, as heretofore or hereafter supplemented and amended.

(r) *Engineer*:

The term "engineer" shall mean an individual, partnership or corporation qualified to pass upon engineering questions; whether or not employed by or in any way affiliated with the Company.

(s) *Engineer's certificate*:

The term "engineer's certificate" shall mean a certificate conforming to the requirements of Section 15.03 signed by an engineer appointed by the Company and acceptable to the Trustee.

(t) *Event of default*:

The term "event of default" shall mean any event of default specified in Section 10.02, continued for the period of time, if any, therein designated.

(u) *Fair value*:

The term "fair value", when used with respect to any property, shall mean the fair value thereof determined as if it were free of lien securing debt, if any.

The term "fair value", when used with respect to any particular property acquired or constructed by the Company, shall mean the fair value thereof to the Company determined as of the date of the engineer's or independent engineer's certificate in which such property is included, except that the fair value of any property which has been retired prior to the date of the certificate in which it is included shall be determined as of the date when such property first became properly chargeable to utility plant accounts of the Company under the Uniform System.

In the case of any property consisting of a plant or system which within six months prior to the date of its acquisition by the Company has been used by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company, the "fair value" thereof shall be deemed to include the fair value of any franchises, contracts, operating agreements or other rights or property acquired simultaneously therewith, for which no separate or distinct consideration shall have been paid or apportioned. The provisions of this subsection (u) shall not be applicable to, and shall not modify or otherwise vary the interpretation of, Article 3, Article 8 and Section 9.02.

(v) First Effective Date:

The term "First Effective Date" shall mean the earliest date on which all bonds of series originally issued under the Mortgage prior to January 1, 1960 have ceased to be outstanding.

(w) Independent:

The term "independent" when applied to any accountant, appraiser, engineer, or other expert, shall mean an expert who (a) is in fact independent; (b) does not have any substantial interest, direct or indirect, in the Company or in any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Company; and (c) is not connected with the Company or any person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Company, as an officer, employee, underwriter, trustee, director or person performing similar functions. The fact that an accountant, appraiser, engineer or other expert is retained by the Company, or that his services are engaged, otherwise than as an employee or officer of the Company, for compensation

shall not be deemed in itself to disqualify him on the ground that he is not independent.

(x) Independent accountant's certificate:

The term "independent accountant's certificate" shall mean a certificate or opinion conforming to the requirements of Section 15.03 and signed by an independent accountant appointed by the Company and approved by the Trustee in the exercise of reasonable care.

(y) Independent appraiser's certificate:

The term "independent appraiser's certificate" shall mean a certificate or opinion conforming to the requirements of Section 15.03 and signed by an independent appraiser appointed by the Company and approved by the Trustee in the exercise of reasonable care.

(z) Independent engineer's certificate:

The term "independent engineer's certificate" shall mean a certificate conforming to the requirements of Section 15.03 and signed by an independent engineer appointed by the Company and approved by the Trustee in the exercise of reasonable care.

(aa) Lien of the Mortgage:

The term "lien hereof" or "lien of the Mortgage" or "lien of this Mortgage" shall mean the lien created or intended to be created by the Mortgage (including the after-acquired property clauses hereof), or otherwise created or intended to be created, constituting any property a part of the security held by the Trustee for the benefit of the bonds outstanding.

(bb) Maintenance certificate:

The term "maintenance certificate" shall mean an officers' certificate conforming to the requirements of Section 15.03 filed by the Company with the Trustee pursuant to the requirements of Section 6.06.

(cc) Mortgage:

The term "Mortgage" shall mean the Company's Indenture of Mortgage and Deed of Trust, dated as of May 1, 1921, to Bankers Trust Company, as Trustee, as supplemented and amended by all supplemental indentures.

(dd) Mortgaged property:

The terms "mortgaged property" or "trust estate" shall mean as of any particular time the property (including cash) which at said time is covered or intended to be covered by the lien of the Mortgage.

(ee) Nuclear core elements; bondable value of nuclear core elements:

The term "nuclear core elements" shall mean the fuel elements comprising the core for a nuclear power reactor. The term shall include (i) fuel elements while in the process of fabrication and special nuclear or other materials held for use in such fabrication, (ii) fuel elements which are being held for future use in the reactor, (iii) fuel elements located in the reactor, (iv) fuel elements which have been withdrawn from the reactor after use, and (v) fuel elements, and materials formerly comprising fuel elements, which are undergoing or have undergone reprocessing.

The term "bondable value", as applied to any particular nuclear core element, shall mean the cost thereof, or the fair value thereof to the Company as of the time the element is first used in the nuclear reactor, whichever is less.

(ff) Officers' certificate:

The term "officers' certificate" shall mean a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and conforming to the requirements of Section 15.03.

(gg) Officers' default certificate:

The term "officers' default certificate" shall mean an officers' certificate delivered in connection with a request or application under the Mortgage and stating that, so far as known to the signers, the Company is not, and upon the granting of the application will not be, in default in the performance of any of the covenants or provisions of the Mortgage.

(hh) Opinion of counsel:

The term "opinion of counsel" shall mean an opinion or opinions in writing signed by counsel and conforming to the requirements of Section 15.03.

(ii) *Outstanding, with reference to bonds:*

The term "outstanding," when used with reference to bonds, shall mean as of any particular time all bonds issued under the Mortgage, except:

(i) bonds theretofore cancelled or delivered to the Trustee for cancellation;

(ii) bonds for the purchase, payment or redemption of which moneys in the necessary amount shall have been irrevocably deposited with the Trustee, provided, however, that if such bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Mortgage, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) bonds theretofore paid or in lieu of or in substitution for which other bonds shall have been authenticated or certified and delivered pursuant to Section 2.08 hereof.

(jj) *Outstanding, with reference to prior lien obligations:*

The term "outstanding," when used with reference to prior lien obligations, shall mean as of any particular time all prior lien obligations authenticated and delivered by the trustee or other holder of the prior lien securing the same or, if there be no such trustee or other holder, theretofore made and delivered or incurred, except:

(i) prior lien obligations theretofore cancelled or delivered to the trustee or other holder of any such prior lien for cancellation;

(ii) prior lien obligations held by the Trustee subject to the provisions of Article 9 hereof;

(iii) prior lien obligations held by the trustee or other holder of a prior lien upon the same property as that mortgaged or pledged to secure the prior lien obligation so held (under conditions such that no transfer of ownership or possession of such prior lien obligations by the trustee or other holder of such prior lien is permissible otherwise than to the Trustee to be held subject to the provisions of Article 9 hereof, or to the trustee or other holder of some other prior lien upon

the same property for cancellation or to be held uncanceled under the terms of such other prior lien under like conditions);

(iv) prior lien obligations for the purchase, payment or redemption of which funds in the necessary amount shall have been irrevocably deposited with the Trustee or the trustee or other holder of a prior lien, provided that if such prior lien obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have, been given as required by the prior lien securing the same, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(v) lost, stolen or destroyed prior lien obligations in lieu of or in substitution for which other prior lien obligations shall have been authenticated and delivered.

(kk) *Permitted liens:*

The term "permitted liens" shall mean:

(a) any mortgages, liens or other encumbrances created by others than. the Company and any renewal or extension of any such lien, mortgage or other encumbrance, which at the particular time in question are liens upon lands not owned by the Company over which easements or rights-of-way for towers, poles, wires, conduits, mains, pipe lines, transmission lines, distribution lines, metering stations or other facilities or purposes are held by the Company, securing bonds or other indebtedness Which have. not been assumed or guaranteed by the Company and on which the Company does not customarily pay interest charges;

(b) undetermined liens and charges incidental to construction;

(c) any valid right under any provision of statutory or common law to purchase, condemn, appropriate. or recapture, or to designate a purchaser of, any of the mortgaged property;

(d) the lien of taxes and assessments. not at the time due and delinquent;

(e) the lien of specified taxes and assessments which are delinquent but the validity of which is being contested at the time by the Company in good faith;

(f) the lien reserved in leases. for rent and other payments in the nature of rent and for compliance with the terms of the leases in the case of leasehold estates;

(g) minor defects and irregularities in the titles to any property which do not materially impair the use of such property for the purposes for which it is held by the Company;

(h) easements, rights, exceptions or reservations in any property of the Company, granted or reserved or created by law for the purpose of towers, poles, conduits, mains, pipe lines, transmission lines, distribution lines, metering stations, roads, streets, alleys, highways, railroad tracks, docks, water or air rights, wells and other like facilities or purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is held by the Company;

(i) rights reserved to or vested in any municipality or public authority to control or regulate any property of the Company or to use any such property in any manner which does not materially impair the use of such property for the purposes for which it is held by the Company;

(j) 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;

(k) any irregularities in or deficiencies of title to any rights-of-way for electric transmission lines, electric distribution lines, pipe lines, telephone lines, power lines, water lines and/or appurtenances thereto or other improvements thereon, and to any real estate used or to be used primarily for right-of-way purposes, provided that in the opinion of counsel the Company shall have obtained from the apparent owner of the lands or estates therein covered by any such right-of-way a sufficient right, by the terms of the instrument granting such right-of-way, to the use thereof for the construction, operation or maintenance of such lines, appurtenances or improvements for which the same are used or are to be used, or provided that in the opinion of counsel the Company has power under its charter or by statute, by the exercise of eminent domain or a similar right or power, to remove such irregularities or deficiencies; and

(1) the rights of persons other than the Company created by the agreement between The New York, New Haven and Hartford Railroad Company, The New England Navigation Company, Housatonic Power Company, The United Gas Improvement Company and the Company,

dated July 23, 1918, and recorded in the New Milford Land Records, Vol. 76, Page 53.

(ll) *Person:*

The term "person" shall mean and include an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or any government or political subdivision thereof.

(mm) *Prior lien obligations; prior lien:*

The term "prior lien obligations" shall mean debt obligations secured by mortgage or other lien, charge, title retention agreement or other encumbrance prior to or on a parity with the lien of the Mortgage (except a permitted lien) existing on property constituting a part of the trust estate, whether or not assumed by the Company; and the term "prior lien" shall mean any lien securing outstanding prior lien obligations.

(nn) *Property additions; amount of property additions:*

The term "property additions" shall mean utility property acquired or constructed by the Company since December 31, 1966. Permanent improvements, extensions, additions or replacements in the process of construction or erection shall be "property additions" as of any given date, insofar as actually constructed or erected after December 31, 1966, and before such given date. Property additions as so defined shall not include any of the following:

- (a) good will or going concern value;
 - (b) any contracts or agreements or franchises or governmental permits, granted or acquired, as such, separate and distinct from the property operated thereunder or in connection therewith or incident thereto;
 - (c) any shares of stock or certificates or evidences of interest therein, or any bonds, notes or other evidences of indebtedness or certificates of interest therein or any other securities;
 - (d) any materials, merchandise, appliances or supplies acquired for the purpose of resale to customers in the ordinary course and conduct of business or any materials or supplies held for consumption in operation;
 - (e) any property of the various general types which are currently excepted from the lien of the Mortgage by the granting clauses thereof;
-

(f) any leased property (except for transmission or distribution purposes) or improvements thereto, except (1) property leased under the CR&L Lease and improvements thereto, and (2) improvements to other leased property which under the provisions of the applicable lease may be removed at or prior to the expiration of the lease and which may be so removed without substantially impairing their value to the Company; and

(g) any property upon which the Mortgage does not constitute a direct mortgage lien.

The term "amount", as applied to any particular property additions, shall mean the cost thereof, or the fair value thereof, whichever is less.

(oo) *Public accountant:*

The term "public accountant" shall mean an individual or a partnership or a corporation engaged in the accounting profession and entitled to practice as a public or chartered accountant under the laws of the state, territory or country of the residence or principal office of such person or entity, whether or not regularly engaged by the Company.

(pp) *Replacement fund requirement:*

The term "replacement fund requirement" (1), for any period of time, other than a period of twelve consecutive calendar months which is not a calendar year, shall mean an amount equal to the sum of the minimum provisions for replacement of depreciable property for:

(i) each calendar year, if any, included within the period in question, and

(ii) the months, if any, included within such period which are subsequent to the end of the last completed calendar year,
and

(2) for a period of twelve consecutive calendar months which is not a calendar year, shall mean the minimum provision for replacement of depreciable property for such period.

The minimum provision for replacement of depreciable property for a calendar year or any other period of twelve consecutive calendar months shall be 2.25% of the average of the Company's depreciable property as at the beginning and end of such year or other period.

The minimum provision for replacement of depreciable property for the period of months subsequent to the end of the last completed calendar year shall be $\frac{1}{12}^{\text{th}}$ of 2.25% of the average of the Company's depreciable property as at the beginning and end of such period for each full month included within such period.

The term "depreciable property" shall mean, as of any specified time of computation, an amount, determined in accordance with generally accepted accounting principles, equal to the sum of (a) the aggregate of the cost to the Company, or the original cost, (whichever is less) of depreciable utility property, excluding any amount included in utility plant acquisition adjustments accounts or in any accounts for similar purposes, and (b) amounts included in the utility plant acquisition adjustments accounts or in accounts for similar purposes of the Company if (1) the Company shall have failed to provide a reserve therefor on its books and (2) the Company shall have failed to make provision for charges to income and/or periodic charges to surplus in lieu of charges to income adequate to permit the write-off thereof at the expiration of the estimated useful life of the property represented thereby.

(qq) *Refundable prior lien obligations:*

The term "refundable prior lien obligations" at any particular time shall mean all prior lien obligations which are or previously were secured by a prior lien on any property additions certified to the Trustee in any bondable property certificate and which are or were outstanding at any time after the property additions on which such prior lien is or was a lien have been so certified to the Trustee (whether or not still outstanding at such particular time) other than (1) prior lien obligations in exchange for which other prior lien obligations have been delivered, (2) prior lien obligations theretofore made the basis for the authentication and delivery of bonds or the withdrawal of cash under any provision of the Mortgage, or for a credit under Section 3.55, Section 6.06, Section 6.14 or Article 8.5, provided that prior lien obligations which are withdrawn from the Trustee pursuant to Section 6.06 shall, at the time of such withdrawal, again become refundable prior lien obligations, (3) prior lien obligations which shall have been deducted from the fair value of any mortgaged property released, and (4) prior lien obligations which have ceased to be outstanding by reason of having been paid, redeemed, purchased or otherwise retired through the application of moneys received on a release of, or representing the proceeds of insurance on, or

the proceeds of the taking by eminent domain or purchase by any governmental or public body, authority, agency or licensee of, or the proceeds of any other sale, disposition or change of, mortgaged property, including the proceeds of and substitutes for any thereof.

(rr) Responsible officers of the Trustee:

The term "responsible officers of the Trustee" shall mean and include the chairman of the board of directors, the president, every vice-president, every assistant vice-president, the cashier, the secretary, the treasurer, every trust officer, every assistant trust officer, and every other officer and assistant officer of the Trustee to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject, and the term "responsible officer" shall mean and include any of said officers.

(ss) Retirements; amount of retirements:

The term "retirements" shall mean and include all utility property which, subsequent to December 31, 1966, shall have become worn out or permanently unserviceable, or shall have been lost, sold, destroyed, abandoned, surrendered on lapse of title, or released from the lien of the Mortgage, or taken by eminent domain, or purchased by any governmental or public body, authority, agency or licensee pursuant to the right reserved to or vested in it by any license or franchise, or otherwise disposed of by the Company, or retired from service for any reason, or shall have permanently ceased to be used or useful in the business of the Company. The term "amount", as applied to any particular retirement, shall mean the cost thereof to the extent that an amount equivalent to such cost is credited to utility plant accounts under the Uniform System.

(tt) Second Effective Date:

The term "Second Effective Date" shall mean the earliest date on which all bonds of series originally issued under the Mortgage prior to April 1, 1967 have ceased to be outstanding.

(uu) Securities and Exchange Commission:

The term "Securities and Exchange Commission" shall mean the Commission created by the Securities Exchange Act of 1934, or in the event that such Commission shall not be existing and performing the duties performed by it on August 31, 1944, then the body performing the duties theretofore performed by the aforesaid Securities and Exchange Commission.

(vv) *Special nuclear material:*

The term "special nuclear material" shall mean uranium, thorium, plutonium and any other material from time to time used or selected for use by the Company as fuel material in a nuclear electric generating unit.

(ww) *Supplemental indenture:*

The term "supplemental indenture" or "indenture supplemental hereto" shall mean any indenture duly authorized and entered into in accordance with the provisions of the Mortgage and expressly stated to be supplemental hereto.

(xx) *Trustee:*

The term "Trustee" shall mean Bankers Trust Company, or the trustee under the Mortgage for the time being, whether original or successor.

(yy) *Trust estate:*

See definition of "mortgaged property".

(zz) *Uniform System:*

The term "Uniform System" shall mean:

(i) the uniform systems of accounts applicable to the Company prescribed by the Public Utilities Commission of the State of Connecticut, as in effect January 1, 1967 and as said systems may be amended from time to time, or

(ii) if the systems of accounts prescribed by the Public Utilities Commission of the State of Connecticut cease to be applicable to the Company, the systems of accounts, as amended from time to time, prescribed by the regulatory commission having jurisdiction or supervisory authority over the accounts of the Company, or

(iii) if no regulatory commission has jurisdiction or supervisory authority over the accounts of the Company, a system of accounts maintained in accordance with generally accepted accounting principles.

(aaa) *Utility property:*

The term "utility property" shall mean property of the Company located in Connecticut or elsewhere and necessary or useful in the utility business, as

that business is from time to time carried on by the Company, which is charged or properly chargeable to utility plant accounts in accordance with the Uniform System; provided, however, that the nuclear core elements required for a nuclear electric generating unit owned by the Company or in which the Company has an interest shall not constitute "utility property", even if charged or properly chargeable to utility plant accounts in accordance with the Uniform System, if all or any portion of the inventory of nuclear core elements required for such generating unit has been made the basis of the issue of bonds under Section 3.55.

SECTION 1.02. *Terms Defined Elsewhere.* Definitions of terms of general usage elsewhere defined in the Mortgage are set forth respectively:

Term	Section
underlying bonds	3.04
underlying mortgages	3.04
core deficiency	3.55
replacement credit	6.06
available replacement credit	6.06
replacement deficit	6.06
purchase money obligations	8.04, 8.56

ARTICLE 2.

Form, Execution, Delivery, Registry and Exchange of Bonds.

SECTION 2.01. *General Limitation on Amount.* The issue of bonds hereunder shall not be limited in respect of their aggregate principal amount, except as the Board may otherwise provide in respect of any particular series at the time of the creation thereof, and except that the total amount of bonds outstanding at any time shall not, in any event, exceed the amount at that time permitted by law.

SECTION 2.02. *Bonds Issuable in Series.* Bonds may be issued in series. All bonds of the same series shall be identical in tenor, except as to the denominations thereof and except, in the case of registered bonds without coupons, as to the date specified therein from which interest is to accrue. All of the bonds of a particular series shall bear the same date.

SECTION 2.03. *Designation and Terms of Bonds of Each Series.* The bonds of each series shall be designated in such appropriate manner as shall be determined by the Board. The terms of the bonds of each series, including the denominations of the bonds, date of the bonds, date of maturity, rate of interest, semi-annual interest payment dates, exchangeability, provisions relating to conversion into the capital stock of the Company, or of a successor corporation, to a sinking fund, to redemption, to payment without deduction for certain taxes, and to reimbursement of the holder of any bonds for taxes on account of said bonds paid by said holder in States other than Connecticut, shall be such, not inconsistent with the terms of the Mortgage, as may be fixed by the Board and as shall be expressed in said bonds.

SECTION 2.04. *Form and Execution of Bonds; Interest Accrual.* Bonds of all series, and the coupons to be attached to coupon bonds shall be substantially in the forms hereinbefore set forth, provided however that there may be such omissions, variations or insertions therein as in the case of each series may be necessary or appropriate to make the bonds of such series conform to the listing requirements of any Stock Exchange or to provisions authorized in respect of the bonds of such series by the Board and permitted by the Mortgage.

All bonds issued under the Mortgage shall, from time to time, be executed on behalf of the Company with the manual or facsimile signature of its President or one of its Vice-Presidents, under its corporate seal or a facsimile thereof, attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, and the Company may adopt and use for that purpose a facsimile signature of any person who shall have been such President, Vice-President, Secretary, or Assistant Secretary, notwithstanding the fact that such person may have ceased to have held the particular office at the time when such bonds shall be actually authenticated and delivered. After such execution and attestation the bonds shall be delivered to the Trustee for authentication by it and thereupon as provided in the Mortgage and not otherwise the Trustee shall authenticate and shall deliver the same. Only such bonds as shall bear thereon indorsed a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be secured by the Mortgage or be entitled to any right or benefit hereunder, and such authentication by the Trustee upon any such bond shall be conclusive and the only evidence that the bond so authenticated, when issued by the

Company, has been duly issued hereunder and that the holder thereof is entitled to the benefit of the trusts hereby created.

In case any of the officers of the Company who shall have signed and sealed any of the bonds issuable under the Mortgage shall have ceased to be officers of the Company before the bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such bonds, nevertheless, may be authenticated and delivered and issued as though the persons who signed and sealed such bonds had not ceased to be officers of the Company; and also any of such bonds may be signed and sealed in behalf of the Company by such persons as at the actual date of the execution of such bonds shall be the proper officers of the Company, although at the date of such bond any such person shall not have been an officer of the Company. The coupons to be attached to coupon bonds shall be authenticated by the engraved facsimile signature of the present Treasurer or of any future Treasurer of the Company, and the Company may adopt and use for that purpose the facsimile signature of any person who shall have been such Treasurer, notwithstanding the fact that he may have ceased to be such Treasurer at the time when such bonds shall be actually authenticated and delivered.

Before bonds of any series shall be authenticated or delivered by the Trustee, a certified resolution authorizing or creating such series shall be delivered to the Trustee, and the bonds of such series shall conform to the terms expressed in such resolution.

Coupon bonds shall bear interest from their date. Registered bonds without coupons shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication be an interest payment date, in which case such bonds shall bear interest from such interest payment date.

Bonds may be issued originally either as coupon bonds or as registered bonds without coupons. The Trustee shall not authenticate or deliver any coupon bond unless all coupons thereon then matured shall have been detached and cancelled.

SECTION 2.05. *Denominations; Numbering.* Coupon bonds of each series shall be of the denomination of \$1,000.

Registered bonds without coupons of each series shall be of the denominations of \$1,000 or any multiple thereof as the Board may determine.

Coupon bonds and registered bonds without coupons of the several denominations shall each be identified by such numbers, letters or other dis-

tinguishing marks as may be adopted by the Board with the approval of the Trustee.

SECTION 2.06. *Registrations, Transfers and Exchanges*. The Company shall keep at an office or agency to be maintained by it in the Borough of Manhattan, City of New York, books for the registry and transfer, as in the Mortgage provided, of bonds issued hereunder, which books at all reasonable times shall be open for inspection by the Trustee.

Any coupon bond may be registered as to principal only on the said books of the Company at its said office or agency and after such registration no transfer shall be valid unless made on said books by the registered holder in person, or by his attorney duly authorized, and similarly noted on the bond. Upon presentation to the Company at such office or agency of any such coupon bond registered as to principal, accompanied by a written instrument of transfer in form approved by the Company duly executed by the registered holder, such bond shall be transferred upon such books. The registered holder of any such coupon bond, registered as to principal, shall also have the right to cause the same to be registered as payable to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such bond when due shall be payable to the person presenting the bond; but any such bond registered as payable to bearer may be registered again in the name of the holder with the same effect as the first registration thereof. Successive registrations and transfers as aforesaid may be made from time to time as desired. Each registration of a bond shall be noted thereon by the agent for such purpose of the Company. Registration of any coupon bond as to principal, however, shall not affect the negotiability of the coupons appertaining to such bond, but every such coupon shall continue to pass by delivery merely and shall remain payable to bearer.

Whenever any coupon bond or bonds of the same series, by the terms thereof exchangeable for coupon bonds of the same series of other denominations, together with all unmatured coupons thereto appertaining, shall be surrendered to the Company for exchange for a like principal amount of coupon bonds of other denominations of the same series, the Company shall execute, and the Trustee shall authenticate, and it or the Company shall deliver in exchange therefor a like aggregate principal amount of coupon bonds of the same series of such other denominations as shall be designated in the bonds so surrendered, bearing all unmatured coupons.

Whenever the registered holder of any registered bond without coupons shall surrender the same to the Company for transfer, together with a written instrument of transfer in form approved by the Company duly executed by such registered holder, the Company shall execute, and the Trustee shall authenticate, and it or the Company shall deliver in exchange therefor anew registered bond without coupons, or new registered bonds without coupons, of the same series, for the same aggregate principal amount.

Whenever any registered bond without coupons, by the terms thereof exchangeable for a coupon bond or coupon bonds of the same series, together With a written instrument of transfer in form approved by the Company duly executed by the registered holder, shall be surrendered to the Company for exchange for one or more coupon bonds of the same series, the Company shall execute, and the Trustee shall authenticate, and it or the Company shall deliver in exchange therefor a like aggregate principal amount of coupon bonds of the same series as the surrendered bond, bearing all unmatured coupons.

Whenever any coupon bond or bonds of the same series, by the terms thereof exchangeable for a registered bond or registered bonds without coupons. together with all unmatured coupons thereto appertaining shall be surrendered for exchange for a registered bond or registered bonds without coupons. the Company shall execute. and the Trustee shall authenticate, and it or the Company shall deliver in exchange therefor a registered bond or registered bonds without coupons, of the same series, for the same aggregate principal amount.

For any exchange of bonds for bonds of another denomination, or of registered bonds without coupons for coupon bonds, and for any transfer of registered bonds without coupons, the Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge, and in addition thereto of a reasonable charge (not exceeding two dollars) for each new bond, if any, issued upon such transfer or exchange. In every case of transfer or exchange of bonds the Trustee forthwith shall cancel the surrendered bond or bonds and coupons, and upon demand shall deliver the same to the Company.

SECTION 2.07. *Ownership of Bonds.* The Company and the Trustee may deem and treat the bearer of any coupon bond hereby secured which shall not at the time be registered as hereinbefore provided, and the bearer of any coupons for interest on any bond, whether or not such bond shall be registered, as the absolute owner of such bond or coupons, as the case may be, for the purpose of receiving payment thereof and for all other purposes,

and neither the Company nor the Trustee shall be affected by any notice to the contrary.

The Company and the Trustee shall deem and treat the person in whose name any registered bond without coupons issued hereunder shall be registered as hereinbefore provided as the absolute owner of such bond for the purpose of receiving payment of or on account of the principal and interest on such bond, and for all other purposes and shall deem and treat the person in whose name any coupon bonds shall be so registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal thereof, and for all other purposes except to receive payment of interest represented by outstanding coupons.

SECTION 2.08. *Replacement of Bonds.* In case any bond issued under the Mortgage shall become mutilated or be destroyed or lost, the Company in its discretion may issue, and thereupon the Trustee shall authenticate and deliver, a new bond of like tenor, date and series bearing in the case of a coupon bond, coupons having the same maturities as those attached to the bond at the time it was mutilated, destroyed or lost except such coupons as have been paid prior to the delivery of the new bond. The applicant for such substitute bond shall furnish to the Company and to the Trustee evidence to their satisfaction, respectively, of the mutilation, destruction or loss of such bond, and of the ownership thereof, and said applicant also shall furnish such indemnity to both the Company and the Trustee, respectively, as in their discretion they may require, and said applicant shall pay all expenses incident to the issue of a new bond under this Section and shall comply with such other reasonable regulations as the Company or the Trustee may prescribe.

SECTION 2.09. *Temporary Bonds.* Until definitive bonds shall be prepared the Company may execute and upon the request of the Company the Trustee shall authenticate and deliver in lieu of such definitive bonds and subject to the same provisions, limitations and conditions, temporary printed or typewritten bonds of any denomination substantially of the tenor of the bonds hereinbefore recited, with or without coupons and with appropriate omissions, insertions and variations as may be required. Pending the preparation of the definitive bonds, such temporary bonds shall be exchangeable for other temporary bonds of like aggregate principal amount, whether of the same or different denominations, in accordance with the provisions of this Article 2.

Upon the surrender of such temporary bonds, or any of them, ill exchange for definitive bonds, the Company, at its own expense, shall prepare and execute and, upon cancellation of such surrendered bonds, the trustee shall authenticate and deliver in exchange therefor, definitive bonds for the same aggregate principal amount as the temporary bonds surrendered, and otherwise ill accordance with said temporary bonds. Until so exchanged, the temporary bonds in all respects shall be entitled to the same lien and security of the Mortgage as the definitive bonds issued and authenticated hereunder, and, except as otherwise provided as to any series in the supplemental indenture setting forth the term8 and provisions of such series, interest, when and as payable shall be paid and such payment noted thereon, if such temporary bonds shall have been issued without coupons or, if such temporary bonds shall have been issued with coupons shall be paid on presentation and surrender of such coupons as they mature.

SECTION 2.10. *Fully Registered Issues*. Notwithstanding any other provision in the Mortgage, if definitive bonds of any series originally issued after April 1, 1967 are issuable only as registered bonds without coupons:

(a) the Company shall not be required to make any transfers or exchanges of bonds of such series for a period of fifteen (15) days next preceding (i) any mailing of notice of redemption of bonds of such series, or (ii) any interest payment date for bonds of such series, and the Company shall not be required to make transfers or exchanges of the principal amount (or any portion thereof) of any bonds of such series called or selected for redemption after the mailing of a notice of the redemption thereof; and

(b) the supplemental indenture establishing the terms of the bonds of such series may provide for (i) the determination of the registered holders entitled to receive payment of interest thereon by reference to a record date, and (ii) the dates from which such bonds shall bear interest.

ARTICLE 3.

Issue of Bonds.

SECTION 3.01. *Effective Time of Article; General Requirements*. This Article 3 shall continue in effect until the Second Effective Date but not thereafter and shall cease to be of any force or effect on the Second Effective Date. So long as this Article 3 continues in effect, the Company shall not be entitled

to require the Trustee to authenticate and deliver additional bonds under the Mortgage unless the Company complies with the applicable requirements of both this Article 3 and Article 3.5; provided, however, that nothing in the Mortgage shall be construed as requiring that the basis for the issue of such additional bonds under this Article 3 be the same as the basis for the issuance of such bonds under Article 3.5.

SECTION 3.02. *General Restrictions on Issues.* The Company may, subject only to the conditions prescribed in this Article 3 and Article 3.5, issue bonds secured by the Mortgage without limit as to principal amount. Such power to issue bonds shall not be exhausted by any issue but may be exercised from time to time, and the Mortgage shall be a continuing lien to secure the payment of the principal and interest of all bonds which may from time to time be outstanding hereunder.

SECTION 3.03. *Bonds Issued to Refund, Retire or Replace Other Bonds.* Additional bonds secured by the Mortgage may from time to time be authenticated and delivered hereunder, to refund, or retire, or replace, either before, at or after maturity, any bonds issued hereunder, upon compliance with the conditions prescribed in either paragraph (1) or (2) of this Section 3.03.

(1) Upon (a) delivery to the Trustee of any bonds issued hereunder, whether of the same or different series, cancelled or uncanceled, with all unmatured coupons, if any, thereto appertaining, either in bearer form or accompanied by proper instruments of assignment and transfer, and/or (b) upon proof furnished to the Trustee, satisfactory to the Trustee, that any such bonds have been paid and satisfied in full, the Trustee shall, upon request of the Company, at any time or times thereafter, authenticate and deliver to, or upon the written order of, the Company, bonds of such other series as may be requested by the Company, equal in principal amount to the principal amount of the bonds so delivered to the Trustee, and/or of the bonds so proved to have been paid and satisfied, as the case may be; provided that the Trustee shall have been furnished with a certified resolution requesting the authentication and delivery of such bonds.

(2) Upon delivery to the Trustee (a) of a certified resolution requesting the Trustee to authenticate and deliver to, or upon the written order of, the Company, bonds of a particular series, secured by the Mortgage, for the purpose of refunding at maturity any bonds issued here-

under, and/or for the purpose of redeeming any such bonds; whether of the same or a different series; that shall have been called for redemption according to their terms, and (b) in the case of bonds called for redemption, also a certified resolution authorizing such call, the Trustee shall authenticate and deliver to, or upon the written order of, the 'Company, bonds of such series as may be requested by It, equal in principal amount to the aggregate principal amount of the bonds to be refunded and/or redeemed; provided that cash equal to the principal amount of the bonds so authenticated and delivered shall simultaneously be deposited with the Trustee in exchange therefor. On the written order of the Company, and upon delivery to the Trustee from time to time of bonds so matured or maturing or so called for redemption (other than bonds in exchange for which the Trustee shall have -authenticated and delivered bonds under paragraph (1) of this Section 3.03, and other than bonds of any series in respect of which the sinking fund provisions prohibit it, which shall have been acquired through the sinking fund of such series), cancelled or uncanceled, with all unmatured coupons, if any, thereto appertaining,. either in bearer form or accompanied by proper instruments of assignment and transfer, the Trustee, out of the cash so deposited with it, shall pay to the Company a sum equal to the principal amount of the bonds so delivered to the Trustee.

All bonds and coupons delivered to the Trustee under the provisions of this Section 3.03. shall, if uncanceled, thereupon be cancelled, and shall be stamped by the Trustee with a notation that the same have been refunded under the Mortgage, and returned to the Company. No bonds shall be subsequently issued hereunder in place of bonds that shall have been so refunded, stamped and returned.

SECTION 3.04. *Bonds Issued Against Underlying Bonds.* Upon compliance with the conditions prescribed in this Section 3.04, additional bonds secured by the Mortgage may from time to time be authenticated and delivered hereunder either (a) to refund, pay, redeem, retire, purchase or otherwise acquire, before, at or after maturity, any bonds or other obligations secured by mortgage or other lien prior to the lien hereof upon any property which may hereafter be acquired by the Company and which shall have been used as a basis for the authentication and delivery of bonds under Section 3.05, or (b) to reimburse the Company for money expended for any of said purposes. All such bonds or other obligations referred to in subdivision (a) of this para

graph are hereafter in the Mortgage called collectively "underlying bonds." All mortgages or other liens securing underlying bonds are hereinafter in the Mortgage called "underlying mortgages."

(1) Whenever, from time to time, the Company shall deposit with the Trustee before, at or after maturity, any of said underlying bonds, cancelled or uncanceled, with all unmatured coupons, if any, thereto appertaining, either in bearer form or accompanied by proper instruments of assignment and transfer, or shall furnish to the Trustee evidence satisfactory to the Trustee that any such bonds, including those acquired for sinking fund purposes under any underlying mortgage, have been paid and satisfied in full, the Trustee, upon request of the Company, evidenced by a certified resolution, shall authenticate and deliver to, or upon the written order of, the Company, bonds secured by the Mortgage of any series requested by it, of a principal amount equal to the principal amount of such bonds so delivered to the Trustee and/or of such bonds so proved to have been paid and satisfied.

(2) From time to time, before, at or after the maturity of any of said underlying bonds, the Company may sell or otherwise dispose of bonds of any series secured by the Mortgage, in order to provide, in whole or in part, the means to pay, redeem, purchase or otherwise acquire any part of such bonds then outstanding, and the Trustee shall thereupon authenticate and deliver to, or upon the written order of, the Company, bonds of any series requested by it secured by the Mortgage of an aggregate principal amount equal to the aggregate principal amount of the bonds to be so paid, redeemed, purchased or otherwise acquired, provided that, in each case an amount of money equal to the aggregate principal amount of the bonds so to be paid, redeemed, purchased or otherwise acquired shall simultaneously with the delivery of said bonds secured hereby be deposited with the Trustee. Out of the money so deposited the Trustee shall, upon demand of the Company, and upon the delivery to the Trustee, in bearer form, or accompanied by proper instruments of assignment and transfer, of any one or more of the underlying bonds so paid, redeemed, purchased or otherwise acquired by the Company, pay to it or upon its written order, a sum equal to the principal amount of the underlying bonds so delivered to the Trustee

Whenever the Company shall request the authentication of bonds for any of such purposes, it shall deliver to the Trustee, in addition to

said bonds or cash, a certified resolution requesting the Trustee to authenticate and deliver to, or upon the written order of, the Company, a stated amount of said bonds to be sold or otherwise disposed of, for or in respect of the payment, purchase; redemption or acquisition of a stated number of underlying bonds, specifying such underlying bonds, and stating that said amount of bonds to be issued hereunder is required for such purpose.

(3) Every underlying bond which shall be deposited with the trustee under the provisions of this Section 3.04 shall be stamped by the Trustee substantially as follows: "Not Negotiable. Held in trust for the purposes declared in the First and Refunding Mortgage of The Connecticut Light and Power Company dated May 1, 1921," and shall be held by the Trustee as purchaser, without merger or extinguishment or impairment of lien, and if not previously cancelled, then in uncanceled form, as part of the security for the bonds issued and to be issued under the Mortgage, unless and until disposed of as hereinafter in this paragraph (3) authorized and directed. All underlying bonds deposited with the Trustee pursuant to this Section shall not thereafter, so long as Article 3 remains in effect, be used for any purpose under the Mortgage, except as provided in this Section.

Unless an event of default has occurred and is continuing, neither the principal nor the interest of any underlying bonds at any time held by the Trustee shall be collected or shall be required to be paid, and the coupons thereto appertaining, as they mature, shall be cancelled by the Trustee and delivered to the Company, except that if default be made in the payment of the interest or principal of any of the underlying bonds not held by the Trustee hereunder, the coupons appertaining to any such underlying bonds of the same issue, held subject to the lien of the Mortgage, shall not after such default be cancelled, and the Trustee may demand and enforce any sums due, whether for interest or as principal, on any such underlying bonds or uncanceled coupons, or may take such other action as shall, in its judgment, be desirable or necessary, and in all respects such bonds so held by the Trustee shall be enforceable equally and ratably with all other like bonds not so held by the Trustee. The Trustee shall be reimbursed by the Company, or from the trust estate, for all expenses by it properly incurred by reason of any such action taken, with interest, and the amount of such expenses and interest shall, until repaid, constitute a lien upon the mortgaged property prior to the lien of the Mortgage. If at any time all of the underlying bonds

of any issue shall be deposited with the Trustee, or shall have been proved to the satisfaction of the Trustee to have been paid and satisfied in full, and there shall not be outstanding any mortgage or other lien, which is junior to the mortgage securing such deposited bonds and prior to the lien of the Mortgage, upon any part of the property subject to the lien of such underlying mortgage, then, the bonds of such issue then held by the Trustee shall be cancelled by the Trustee and surrendered to the Company, and, in such case, the Company shall procure the satisfaction and discharge of the mortgage securing said cancelled bonds. In case the Company shall fail or neglect to take such steps as may be necessary to procure the satisfaction and discharge of record of the mortgage securing said cancelled bonds, the Trustee may take or cause to be taken, at the expense of the Company, such steps as in its opinion may be necessary to procure the satisfaction and discharge of record of the said mortgage.

SECTION 3.05. *Issue of Bonds Against Additional Property.* Additional bonds secured by the Mortgage may from time to time be authenticated and delivered hereunder subject only to the following conditions:

(1) The Company shall be entitled to have authenticated and delivered a principal amount of bonds equal to, but not exceeding, 75% of the actual cost or of the fair value to the Company whichever shall be less (such fair value to be determined as of a time within two months prior to the date of the application for authentication of bonds) of (a) additions to, extensions, betterments or improvements of the real property, plants and transmission and distribution systems of the Company now owned or (of the kind described in clause (b) below) which may be hereafter acquired or which are leased under said agreements dated February 28, 1910, June 27, 1917, and July 23, 1918, referred to in the granting clause hereof, or of (b) additional real property (including easements in perpetuity), plants, transmission and distribution systems, equipment, apparatus and machinery situated in the State of Connecticut and useful or necessary in the Company's gas or electric business or in connection with its hydro-electric developments.

Additions, extensions, betterments and improvements in process of construction from time to time and so far as actually constructed and paid for and which have become subject to the lien of the Mortgage shall be deemed additions, extensions, betterments and improvements within the meaning of this Section.

Only such additions, extensions, betterments and improvements or additional property as shall have been constructed or acquired by the Company after May 1, 1921, may be used as a basis for the authentication and delivery of bonds under this Section 3.05.

(2) No bonds shall be authenticated and delivered under the provisions of this Section 3.05, on account of property which is subject to a mortgage or other lien prior to the lien of the Mortgage, where such mortgage or lien represents or secures an indebtedness the face value of which exceeds 40% of the cost or fair value (whichever shall be less) of the property on which said mortgage or lien exists.

If any property on account of which request shall be made for the payment of deposited moneys or the authentication of any bonds is subject to any lien or charge within the limit above mentioned, the actual cost of such property within the meaning of paragraph (1) of this Section 3.05, shall be deemed to be the sum of the amount already paid therefor by the Company and of the face amount of such indebtedness so secured, and bonds may be authenticated and delivered on account of said property to a principal amount equal (a) to the difference between 75% of the actual cost of said property as above defined and the face amount of such indebtedness, or (b) to the difference between 75% of the fair value of the property (without any deduction for such indebtedness) and the face amount of such indebtedness; whichever of said cost or fair value shall be less.

(3) Bonds shall not be authenticated under the provisions of this Section 3.05 if the net earnings of the Company, during the period of twelve consecutive calendar months ending not more than ninety days prior to any request for authentication of bonds under this Section 3.05, shall have been less than 1 3/4 times the sum of (i) the rental and other sums payable by the Company in pursuance of said agreements dated February 28, 1910, June 27, 1917 and July 23, 1918 referred to in the granting clause hereof; (ii) the interest on all bonds then outstanding hereunder and on all underlying bonds then outstanding and not pledged hereunder, but not including the interest on any bonds in the sinking fund under the Mortgage and the interest on any bonds in sinking funds under any underlying mortgages; and (iii) the interest on the bonds then requested to be authenticated.

For the purposes of this Article 3, the term "net earnings" shall be construed to mean the amount remaining after deducting from the

operating and non-operating revenues of the Company all ordinary and proper expenses of operation, including repairs and maintenance (which shall include the entire allowance for maintenance, renewals and replacements hereinafter in Section 6.08 specified), taxes, rentals (except as otherwise provided in this paragraph), insurance and all fixed charges other than (i) amortization, (ii) the rental and other sums payable by the Company in pursuance of said agreements dated February 28, 1910, June 27, 1917, and July 23, 1918, referred to in the granting clause hereof; (iii) payments to sinking funds under the Mortgage and to sinking funds under all underlying mortgages; and (iv) the interest on all bonds then outstanding hereunder and on all underlying bonds then outstanding and not pledged hereunder, but not including the interest on any bonds in the sinking fund under the Mortgage and the interest on any bonds in sinking funds under any underlying mortgages. In any case where bonds are to be authenticated and delivered, or deposited moneys are to be paid, to acquire the property, real or personal, of a going concern, the net earnings of the property proposed to be acquired may be added to the net earnings of the Company, and if such property shall be owned by the Company during only a part of any twelve months' period for which net earnings are to be computed, the net earnings of such property during such part of such period as shall have preceded the acquisition thereof by the Company, may be added to the net earnings of the Company for the purposes of this computation, provided the purpose for which the Company intends to use such property is similar to the purpose for which such property was being used immediately prior to the acquisition thereof by the Company. For the purposes of the foregoing computation of net earnings, capital gains and losses shall be excluded.

SECTION 3.06. *Conditions to Issue of Bonds Under Section 3.05.* Bonds issuable under the provisions of Section 3.05 shall be authenticated and delivered upon receipt by the Trustee, in addition to the certified resolution required by Section 2.04, of:

(1) A Statement signed by the President, or a Vice-President, and the Secretary, or an Assistant Secretary, of the Company that the Company has acquired additional property or made additions, extensions, betterments or improvements of a character which under the provisions of Section 3.05 may be used as the basis for the authentication and

delivery of bonds hereunder; and describing such additional property; additions, extensions, betterments or improvements in reasonable detail, and stating further:

(a) the actual cost thereof to the Company, and that such property was acquired, or such additions, extensions; betterments; and improvements made, subsequent to May 1, 1921;

(b) that no part of the expenditures for additional property, or for such additions; extensions, betterments, or improvements has been made the basis of the authentication of any bonds under any provisions of this Article 3 or its predecessor provision, or has been made the basis pursuant to Section 9.02 or its predecessor provision of the withdrawal of any money, or the expenditure pursuant to Section 6.09 or its predecessor provision of any proceeds of insurance policies or other insurance funds, or the release of property under Article 8 or its predecessor provision, or has been made for repairs, maintenance, replacements, or renewals except to the extent by which the actual cost or fair value thereof exceeds the cost when new of the things renewed or replaced;

(c) that the Company, to the knowledge of the officers making such statements, is not in default in the performance of the provisions of the Mortgage;

(d) whether any property so acquired is subject to any lien or charge which shall be particularly described excepting current taxes and undetermined liens and charges incident to construction, and setting forth the amount of every such lien or charge;

(e) such statement may also state any other facts pertaining to the authentication of bonds under this Article 3.

(2) An engineer's certificate stating that personally, or through one or more competent assistants, the signer has examined the additional property, additions, extensions, betterments, and improvements specified in the statement referred to in paragraph (1), and has considered the same in relation to the business of the Company and is of the opinion that either by expenditures, substitutions, or proper allowances, the mortgaged estates and properties have as a whole been kept in satisfactory operative condition, and that in his judgment, the fair value of such additional property, additions, extensions, betterments, or improvements is for the purposes of the Company a certain sum stated, and that said

sum does not include the cost of any repairs, replacements or renewals necessary to keep the property of the Company in satisfactory operative condition, with the exception provided in clause (b) of paragraph (1). Such certificate shall be an independent engineer's certificate if:

(a) within six months prior to the date of acquisition thereof by the Company such property has been used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company; and

(b) the fair value to the Company of such property as set forth in such certificate or opinion is not less than \$25,000 and not less than 1% of the aggregate principal amount of bonds at the time outstanding,

and shall cover the fair value to the Company (as of the date of the certificate or opinion previously furnished the Trustee with reference thereto) of any property so used or operated which has been subjected to the lien of the Mortgage and which has been used as the basis for any action under the Mortgage since the commencement of the then current calendar year, and as to which a certificate or opinion of an independent engineer, appraiser, or other expert has not previously been furnished.

(3) Such Deeds, Conveyances, or Instruments of further assurance, as in the opinion of counsel may be necessary for the purpose of subjecting any property with respect to which authentication of bonds shall be requested to the lien and operation of the Mortgage as a first lien thereon (except the underlying mortgages or the liens, if any, specified in clause (d) of paragraph (1)) or the opinion of such counsel, that no such instruments are necessary for such purpose, and, also, the opinion of such counsel, to the effect that the Company has title to such property, subject to no liens prior to the Mortgage with the exceptions above stated. Such counsel's opinion shall also state that the Company has corporate authority to own and operate any property so acquired. Provided that in the event that any such additional property, or additions, extensions, betterments, and improvements, shall have been acquired or made upon, or in connection with the properties demised under the CR&L Lease, the provisions of this paragraph (3), shall not apply, but in lieu thereof there shall be furnished the opinion of such counsel to the effect that the Connecticut Railway and Lighting Com-

pany has title to any such additional property and to any such additions, extensions, betterments and improvements to property of the Connecticut Railway and Lighting Company acquired after the date of the Mortgage and not used as a basis for the issue of bonds hereunder, subject only to current taxes and undetermined liens and charges incident to construction.

(4) A report signed by the Treasurer or an Assistant Treasurer of the Company and by a public accountant selected by the Company and satisfactory to the Trustee (who may be a public accountant regularly employed by the Company) setting forth the amount of the net earnings of the Company for a period of twelve consecutive calendar months ending not more than ninety days prior to the date of the request for authentication and delivery of bonds showing how the same have been calculated and to that end specifying the operating and non-operating revenues and also the respective amounts charged to the different distributive groups of operating expenses; such net earnings of the Company to be computed as defined above in Section 3.05(3). Said report shall show that the net earnings as thus determined comply with the requirements set forth in said Section 3.05(3).

(5) A certified resolution requesting the authentication and delivery of the bonds and designating the amount thereof, their denominations and series designation.

(6) Opinion of counsel to the effect that there has been obtained the consent of any governmental authority, the consent of which is a legal requisite to the authentication and delivery to the Company of such bonds by the Trustee or that no such consent is necessary.

SECTION 3.07. *Issue of Bonds for Cash Deposited With Trustee*. The Trustee shall, from time to time, upon the order or orders of the Company, evidenced by a certified resolution and upon the filing with the Trustee of a report of the kind described in paragraph (4) of Section 3.06, authenticate and deliver any bonds issuable under the provisions of Section 3.05, upon deposit with the Trustee by the Company of cash equal to the amount of principal of the bonds so ordered to be authenticated and delivered; provided, however, that the aggregate amount of such cash and any cash deposited under the provisions of Section 3.03 and Section 3.04 on deposit with the Trustee, shall not at any one time exceed the sum of \$4,000,000

Any cash deposited with the Trustee under the provisions of this Section shall be held by the Trustee as a part of the mortgaged property and whenever the Company shall become entitled to the delivery of any bonds under the provisions of Section 3.05, and upon compliance with the conditions specified in Section 3.56, the Trustee shall pay over to the Company, or upon its order evidenced as aforesaid, in lieu of each bond to the delivery of which the Company may then be so entitled, a sum in cash equal to the principal amount of one such bond, such delivery of cash to be made upon the receipt by the Trustee of the same documents and instruments that would have been required hereunder to obtain the authentication of bonds issuable under the provisions of Section 3.05, except that no report of the kind described in paragraph (4) of Section 3.06 shall be required.

SECTION 3.08. *No Authentication During Default.* No bond shall be authenticated or delivered by the Trustee in case the Company shall at the time be in default in the payment of interest or principal of any of the bonds secured by the Mortgage, or in default in the observance of any of the covenants on its part to be performed under the provisions of the Mortgage.

SECTION 3.09. *Further Conditions.* As a further condition precedent to the Trustee's granting any request by the Company under and pursuant to this Article for the authentication and delivery of any bonds secured or to be secured by the Mortgage, there shall be delivered to the Trustee (i) an officer's certificate stating that the applicable conditions precedent specified in this Article have been complied with; (ii) an opinion of counsel stating that in his opinion said conditions precedent have been complied with; and (iii) an accountant's certificate stating that in his opinion the conditions precedent specified in this Article, which are subject to verification by accountants, have been complied with, such accountant's certificate to be an independent accountant's certificate if the aggregate principal amount of the bonds authenticated and delivered under the Mortgage since the commencement of the then current calendar year (other than those with respect to which an accountant's certificate is not required, or with respect to which an independent accountant's certificate has previously been furnished) is 10% or more of the aggregate principal amount of all bonds at the time outstanding under the Mortgage.

SECTION 3.10. *Investigation by Trustee.* The resolutions, certificates and other instruments provided for in this Article may be accepted by the

Trustee as satisfactory and conclusive evidence as to the statements therein contained and shall be full authority to the Trustee for the authentication and delivery of bonds or for the payment of the proceeds thereof, but before authenticating and delivering any bonds under this Article or before making any payment of the proceeds thereof, the Trustee may, in its discretion, and shall, if requested in writing so to do by the holders of not less than a majority in principal amount of bonds then outstanding hereunder and furnished with indemnity satisfactory to it, cause to be made such independent investigation as it may see fit, and in that event, may decline to authenticate and deliver such bonds or to make any payment of the proceeds thereof, unless and until satisfied by such investigation of the substantial accuracy of such resolutions, certificates and other instruments. The reasonable expense of any such investigation shall be paid by the Company, or, if paid by the Trustee, shall be repaid by the Company upon demand, and until repaid, shall be a first charge upon the trust estate.

SECTION 3.11. *Supplemental Indenture*. No bonds shall be authenticated or delivered by the Trustee under this Article unless the Company shall execute, acknowledge and deliver to the Trustee an indenture supplemental hereto, confirming unto the Trustee all and singular the hereditaments, premises, estates and property hereby conveyed or assigned or intended so to be, or which the Company may hereafter become bound to convey or assign to the Trustee, as security for the bonds then outstanding hereunder and those then to be authenticated and delivered, the amount of which shall be clearly and fully set forth in such supplemental indenture; provided, however, that the Trustee may generally or in any particular instance waive any or all of the requirements of this Section 3.11 at any time if it be furnished with an opinion of counsel that compliance with this Section 3.11 is not necessary to secure' and maintain the validity and lien of the Mortgage as security for the bonds then outstanding hereunder and those which the Trustee is then requested to authenticate and deliver.

ARTICLE 3.5.

Additional Restrictions on Issue of Bonds.

SECTION 3.51. *Effect of Article; General Requirements*. So long as Article 3 continues in effect, the Company shall not be entitled to require the Trustee to authenticate and deliver additional bonds under the Mortgage

unless the Company complies with the applicable requirements of both Article 3 and this Article 3.5; provided, however, that nothing in the Mortgage shall be construed as requiring that the basis for the issue of such additional bonds under this Article 3.5 be the same as the basis for the issue of such bonds under Article 3, and provided, further, that if a deposit of cash, bonds or prior lien obligations is required both under a provision of this Article and under the similar provision of Article 3, the making of such required deposit under Article 3 may be applied toward the satisfaction of the requirement of this Article. After Article 3 ceases to be in effect, the provisions of this Article 3.5 shall continue in effect and any cash, bonds or prior lien obligations theretofore deposited with the Trustee pursuant to Article 3 and held by the Trustee on the Second Effective Date shall, for all purposes of the Mortgage, be deemed to have been deposited with the Trustee pursuant to this Article 3.5. Subject to the foregoing, the Trustee shall from time to time authenticate and deliver bonds under the Mortgage of any one or more series in the amounts permitted by, and upon compliance by the Company with, the provisions of Section 3.52, Section 3.53, Section 3.54, Section 3.55 or Section 3.56, but only if the Trustee shall have received:

(1) a written application by the Company, dated the date of the filing thereof with the Trustee, requesting the authentication and delivery of bonds of a stated principal amount of a specified series, and designating the section or sections of this Article (other than this Section 3.51) under which such bonds are to be issued;

(2) a certified resolution requesting the Trustee to authenticate and deliver such bonds and (a) specifying any matters with respect thereto required or permitted by the Mortgage, and (b) specifying the officer or officers of the Company to whom or upon whose written order such bonds shall be delivered;

(3) an officers' default certificate dated the date of such application;

(4) an opinion of counsel, dated the date of the application, to the effect that the issue of the bonds applied for has been duly authorized by the Company and by any and all governmental authorities, the consent of which is requisite to the legal issue or sale of such bonds (in which case it shall be accompanied or preceded by any officially authenticated certificates or other documents by which such consent is

or may be evidenced), or that no consent of any governmental authority is requisite to the legal issue of such bonds, and that all of the requirements of the Mortgage and of law for the due and lawful issue, authentication and delivery of such bonds have been duly complied with and such bonds, when issued, authenticated and delivered, will be the valid and legal obligations of the Company entitled to all the benefits and security of the Mortgage and entitled to the benefits of the lien hereof with the same degree of priority as all other bonds then outstanding;

(5) a duly executed indenture or indentures supplemental to the Mortgage, setting forth the terms and provisions of such series of bonds; and

(6) in the event the aggregate principal amount of (i) the bonds for which application is then being made, and (ii) all other bonds authenticated and delivered under this Article since the commencement of the then current calendar year, is 10% or more of the aggregate principal amount of bonds then outstanding, an independent accountant's certificate stating that each condition precedent, if any, provided for in the Mortgage as to such application (including any covenant compliance with which constitutes a condition precedent), compliance with which is subject to verification by accountants, has been satisfied, except that no certificate of any independent expert shall be required as to the amount or value of nuclear core elements or property additions other than the certificates of an independent engineer provided for in Section 3.55(a) and 3.57(3).

SECTION 3.52. *Bonds Issued Against Retired, Redeemed, Cancelled or Surrendered Bonds*. Upon compliance by the Company with the requirements of Section 3.51 and of this Section, the Trustee shall authenticate and deliver additional bonds in a principal amount equal to the principal amount of bonds authenticated and delivered hereunder which have been retired, redeemed, cancelled or surrendered for cancellation (except bonds cancelled upon their deposit with, or purchase by, the Trustee pursuant to Section 3.55, Section 3.56, Section 6.14, Article 8.5 or Article 9, and except bonds paid or redeemed with moneys deposited with the Trustee pursuant to Section 3.55, Section 3.56, Section 6.09, Section 6.14, Article 8 or Article 8.5, and except bonds held by the Trustee pursuant to Section 6.06 and except bonds theretofore cancelled upon their deposit with the Trustee pursuant to Article 3 or its predecessor provision prior to April 1, 1967), or for the payment at maturity or redemp-

tion of which (other than a payment or redemption to be effected with moneys deposited with the Trustee pursuant to Section 3.55, Section 3.56, Section 6.06, Section 6.09, Section 6.14, Article g or Article 8.5) cash is then held by the Trustee, but only if the Trustee shall have received:

(a) an officers' certificate, dated the date of the Company's application pursuant to Section 3.51 (1), showing in reasonable detail that the bonds to be refunded may be made the basis of the issue of bonds under this Section; and

(b) in the event (i) the additional bonds for which application is then being made bear an interest rate higher than the bonds to be refunded, and (ii) the bonds to be refunded mature more than two years from the date of such application, a certificate complying with the requirements of Section 3.58.

SECTION 3.53. *Bonds Issued Against Refundable Prior Lien Obligations.* Upon compliance by the Company with the requirements of Section 3.51 and of this Section, the Trustee shall authenticate and deliver additional bonds in a principal amount equal to the principal amount of refundable prior lien obligations which have been (i) deposited with the Trustee (otherwise than pursuant to Section 6.15) to be held subject to the provisions of the Mortgage, or (ii) cancelled or delivered to the trustee or other holder of the prior lien securing the same for cancellation (otherwise than pursuant to Section 6.15 hereof), or (iii) paid or redeemed or for the payment or redemption of which funds in the necessary amount have been or shall concurrently be deposited with or shall be held by the Trustee or by the trustee or other holder of a prior lien with irrevocable direction so to apply the same, provided that if such refundable prior lien obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been published or otherwise given as required by the prior lien securing the same, or provision satisfactory to the Trustee shall have been made for such notice; but only if the Trustee shall have received:

(a) an officers' certificate, dated the date of the Company's application pursuant to Section 3.51 (1), showing in reasonable detail that the refundable prior lien obligations which are the subject of such application may be made the basis of the issue of bonds under this Section; and

(b) in the event (i) the additional bonds for which application is then being made bear an interest rate higher than the prior lien

obligations to be refunded, and (ii) the prior lien obligations to be refunded mature more than two years from the date of such application, a certificate complying with the requirements of Section 3.58.

SECTION 3.54. *Bonds Issued Against Property Additions*. Upon compliance by the Company with the requirements of Section 3.51 and of this section, the trustee shall authenticate and deliver additional bonds in an aggregate principal amount equal to 60% (or such higher percent; not to exceed 66 2/3%, as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission or by any successor commission thereto, under the Public Utility Holding Company Act of 1935) of bondable property additions, but only if the Trustee shall have received:

(a) a bondable property certificate complying with the requirements of Subdivision (1) of section 3.57, accompanied by the evidence provided for in Section 3.57; and

(b) a certificate complying with the requirements of Section 3.58.

SECTION 3.55. *Bonds Issued to Finance Inventory of Nuclear Core Elements*. Upon compliance by the Company with the requirements of Section 3.51 and of this Section, the Trustee shall authenticate and deliver bonds in an aggregate principal amount equal to 60% (or such higher percent, not to exceed 66 2/3%, as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission, or by any successor commission thereto, under the Public Utility Holding Company Act of 1935) of the bondable value of the Company's interest in all or a portion of the inventory of nuclear core elements required for any (or each) of the nuclear electric generating units which are owned by the Company or in which it has an interest and which are subject to the lien hereof; but only if the Trustee shall have received:

(a) An engineer's certificate (which shall be an independent engineer's certificate if any portion of the nuclear core elements to be financed has previously been owned by any person other than the United States of America, and while so owned, has been used, within six months prior to the date of acquisition thereof by the Company, by a person other than the Company in the generation of electric power), dated within thirty days of the date of the Company's application, stating the signer's opinion of the fair value of such nuclear core elements to the Company as of the

time such elements are first used in the generating unit in question, and stating further that the inventory of nuclear core elements to be financed is in an amount not exceeding the Company's reasonable needs for the unit in question;

(b) an accountant's certificate dated within thirty days of the date of the Company's application, stating the cost to the Company of the nuclear core elements to be financed; provided that the Company shall furnish an independent accountant's certificate as to the cost of such nuclear core elements to the Company if, but only if, the principal amount of the bonds applied for, together with the principal amount of all other bonds authenticated under this Article 3.5 since the commencement of the then current calendar year (other than those with respect to which an independent accountant's certificate has previously been furnished) is 10% or more of the aggregate principal amount of bonds outstanding at the time;

(c) an opinion of counsel dated within thirty days of the date of such application, stating:

(i) that the Company has all licenses and other public authorizations required for the ownership and use of the nuclear core elements to be financed and the subjection of such elements to the lien hereof;

(ii) that the Mortgage is a lien on the Company's interest in the nuclear core elements with respect to which the bonds are being applied for, subject to no prior liens other than permitted liens, and that under the existing provisions of the Mortgage, it will constitute a lien on the Company's interest in any nuclear core elements acquired as replacements for those with respect to which the bonds are being applied for, so long as such replacement elements are located at the site of one of the Company's nuclear generating units; and

(iii) that the applicable requirements of the last and next-to-last paragraphs of this Section have been satisfied;

(d) an officers' certificate dated the date of such application stating (i) that no portion of the bondable value of the nuclear core elements with respect to which the application for the authentication and delivery of bonds is being made, has been made the basis of a prior application under this Section or under Section 3.54, and (ii) that such core elements

are physically located at the site of one of the Company's nuclear electric generating units; and

(e) a certificate complying with the requirements of Section 3.58.

Each supplemental indenture establishing the terms and provisions of bonds to be issued pursuant to this Section shall contain provisions adequate to insure that after an inventory of nuclear core elements for use in the operation of a particular nuclear electric generating unit has been financed in whole or in part with such bonds:

(1) an inventory of nuclear core elements shall at all times be maintained through regular replacements or otherwise at the level required for the continued operation of the unit;

(2) the Company will be required to deliver to the Trustee on each disposition by sale or otherwise of any material portion of the elements which at the time make up the inventory so financed appropriate evidence to show (i) whether the elements disposed of have been replaced, and (ii) if a replacement has been effected, whether the replacement elements have a greater or lesser bondable value than the elements disposed of;

(3) replacement elements acquired to maintain the inventory shall be bondable under this Section or otherwise available for credit under the Indenture only to the extent that their bondable value is in excess of the bondable value of the nuclear cores replaced; and

(4) if at any time the Company either (i) disposes of a material portion of the elements which at the time make up the inventory so financed by sale or otherwise and does not effect a replacement of the elements disposed of with nuclear core elements which are subject to the lien of the Mortgage and subject to no prior liens other than permitted liens, or (ii) effects a replacement with elements so subject but having a lesser bondable value, the Company will be required to satisfy the resulting deficiency (the "core deficiency"), within a reasonable time after such disposition, by any one or more of the following methods:

(A) depositing cash with the Trustee equal to the amount of the core deficiency;

(B) depositing with the Trustee outstanding bonds or refundable prior lien obligations equal in principal amount to the amount of

the core deficiency and which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53;

(C) specifying to the Trustee (in a bondable property certificate complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57) bondable property additions equal to 100% of the amount of the core deficiency; or

(D) applying any credit then available to the Company on account of any prior increase in the bondable value of the inventory which has not previously been bonded under this Section or otherwise used for credit under the Mortgage.

Such supplemental indenture may permit the bondable value of elements disposed of to be determined on the basis of the average bondable value of elements in the inventory. All cash deposited with the Trustee in satisfaction of a core deficiency shall be held by the Trustee as part of the trust estate and may, upon the request of the Company, evidenced by a certified resolution:

(a) be withdrawn from time to time in an amount equal to 100% of bondable property additions, upon the filing with the Trustee of a bondable property certificate complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57;

(b) be withdrawn from time to time in an amount equal to the aggregate principal amount of bonds or refundable prior lien obligations deposited with the Trustee which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53, upon the filing with the Trustee of the evidence, as appropriately modified, provided for in the appropriate one of said Sections, except that no certification as to the net earnings requirement of Section 3.58 shall be required;

(c) be used or applied as provided in Section 9.04; or

(d) be withdrawn from time to time in an amount equal to 100% of any credit then available to the Company on account of any increase

in the bondable value of the inventory which has riot previously been bonded under this Section or otherwise used for credit tinder the Mortgage.

In the event any nuclear core elements which are to be made the basis of the issue of bonds under this Section have previously been released from the lien of the Mortgage pursuant to Section 8.51, or are other\wise not subject to the lien hereof, the supplemental indenture establishing the terms and provisions of the bonds to be issued on the basis of such elements shall subject such elements to the lien hereof.

SECTION 3.56. *Bonds Issued Against Cash Deposited With Trustee*. Upon compliance by the Company with the requirements of Section 3.51 and of this Section, the Trustee shall authenticate and deliver additional bonds upon deposit With the Trustee by the Company of art amount of cash equal to the aggregate principal amount of bonds to be authenticated and delivered, but only if the Trustee shall have received a certificate complying with the requirements of Section 3.58.

All cash so deposited with the Trustee shall be held by the Trustee as part of the trust estate and may, upon the request of the Company, evidenced by a certified resolution:

(a) be withdrawn from time to time in an amount equal to 60% (or such higher percent, not to exceed 66 2/3%, as shall be authorized by the Securities and Exchange Commission or by any successor commission thereto, tinder the Public Utility Holding Company Act of 1935) of bondable property additions, upon the filing with the Trustee of a bondable property certificate complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57; or

(b) be withdrawn from time to time in an amount equal to the aggregate principal amount of bonds or refundable prior lien obligations deposited with the Trustee which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53, upon the filing with the Trustee of the evidence, as appropriately modified, provided for in the appropriate one of said Sections, except that no certification as to the net earnings requirement of Section 3.58 shall be required; or

(c) be used or applied as provided in Section 9.04,

provided, however, that so long as Article 3 continues in effect, all cash so deposited with the Trustee (i) may not be withdrawn, used or applied pursuant to paragraph (b) or (c) of this Section, and (ii) shall be subject to withdrawal pursuant to paragraph (a) of this Section only if, and to the extent that, such withdrawal is also permitted pursuant to Section 3.07.

SECTION 3.57. *Property Additions as Basis for Action; Bondable Property Certificate*. In order to take action on the basis of a specification of bondable property additions pursuant to Section 3.54, Section 3.55, Section 3.56, Section 6.06, Section 6.14, Section 8.56 or Section 9.03 the Company, in addition to complying with the applicable requirements of the provision in question, shall deliver to the Trustee the evidence specified in Subdivision (1) of this Section and to the extent applicable the evidence specified in Subdivisions (2), (3), (4) and (5) of this Section.

(1) An accountant's certificate (a bondable property certificate), dated not more than ninety days prior to the date of filing thereof with the Trustee stating

(i) the amount of property additions stated in item (viii) of the most recent certificate, if any, theretofore filed complying with the requirements of this Subdivision (1);

(ii) the cost, as stated in the independent accountant's certificate provided for in Subdivision (2) of this Section 3.57 of any property additions (not previously included in a certificate filed pursuant to this Subdivision (1)) which the Company elects to certify at the time and which (A) were operated, within six months prior to the date of acquisition thereof by the Company, by a person or persons other than the Company in a business similar to that in which they have been or are to be used or operated by the Company, and (B) have a fair value to the Company, as stated in the certificate provided for in Subdivision (3) of this Section 3.57, of not less than \$25,000 and not less than 1% of the aggregate principal amount of the bonds at the time outstanding;

(iii) the cost of any other property additions (not previously included in a certificate filed pursuant to this Subdivision (1) and not included in item (ii) of the certificate then being filed) which the Company elects to certify at the time;

(iv) the fair value of the property additions, if any, included in item (ii) of the certificate, as stated in the independent engineer's certificate provided for in Subdivision (3) of this Section 3.57;

(v) the fair value of the property additions, if any, included in item (iii) of the certificate, as stated in the engineer's certificate provided for in Subdivision (4) of this Section 3.57;

(vi) 166 2/3% of the amount of any prior lien obligations secured by prior lien on any of the property additions included in items (ii) and (iii) of the certificate, if 166 2/3 % of the indebtedness represented by such obligations has not been deducted in a previous certificate filed complying with the requirements of this Subdivision (1);

(vii) the total amount of the property additions, if any, included in items (ii) and (iii) of the certificate (which shall be equal to (A) the sum of (a) the amount set out in item (ii) of the certificate or the amount set out in item (iv) thereof, whichever is less, and (b) the amount set out in item (iii) of the certificate or the amount set out in item (v) thereof, whichever is less, {B} reduced by the amount set out in item (vi) of the certificate);

(viii) the total amount of the property additions then being certified (which shall be the sum of item (i) plus item (vii));

(ix) the amount of any cash or purchase money obligations (as that term is used in Section 8.56) received on or after January 1, 1967 by the Trustee pursuant to Article 8 (or its predecessor Article) or Article 8.5, or so received pursuant to Section 6.09 (or its predecessor Section), but, in the case of cash so received pursuant to Section 6.09 (or its predecessor Section), only to the extent that such moneys have been withdrawn or otherwise applied pursuant to Article 9;

(x) the amount of any cash or purchase money obligations at the time held by the trustee or other holder of a prior lien which we're received by such Trustee or other holder on or after January 1, 1967 on a release of, or as the proceeds of insurance on, or the proceeds of the taking by eminent domain or purchase by any governmental or public body, authority, agency or licensee of, or the proceeds of any other sale, disposition or change of, any mortgaged property;

(xi) \$191,000,000, representing the aggregate net amount of credit for property available at January 1, 1967 under Section 3.05(1) (or its predecessor Section);

(xii) the total amount of bondable property additions theretofore specified in item (xv) of certificates complying with the requirements of this Subdivision (1) , as from time to time amended, filed with the Trustee as a basis for (A) the authentication and delivery of bonds under Section 3.54, (B) the withdrawal of cash under Section 3.55, Section 3.56, Section 6.06, Section 6.14 or Section 9.03, or (C) credit under Section 3.55, Section 6.06, Section 6.14 or Section 8.56, less the total amount of bondable property additions specified in certificates filed pursuant to Section 6.06 as a basis for a withdrawal of cash thereunder or for credit thereunder which have been offset in accordance with the provisions of said Section;

(xiii) the greater of (A) the replacement fund requirement for the period from January 1, 1967 to and including the date of the certificate, and (B) the aggregate amount of retirements during such period;

(xiv) the amount shown by the certificate to be available for use as bondable property additions under the Mortgage (which shall be equal to (A) the amount set out in item (viii) of the certificate plus the sum of the amounts set out in items (ix), (x) and (xi) thereof, (B) reduced by the sum of the amounts set out in items (xii) and (xiii) thereof);

(xv) the amount of bondable property additions made the basis for the application of which the certificate is a part, which shall not exceed the amount set out in item (xiv) of the certificate.

Each such certificate which contains a certification of property additions in item (ii) or (iii) thereof shall contain a description of such property additions. Such description shall be sufficient if given, either:

(A) by stating the descriptive name or title of the account or accounts under the Uniform System, or

(B) by furnishing the descriptive title of the project or other improvement, extension, addition or replacement.

Each certificate filed complying with the requirements of this Subdivision (1) which includes a certification of property additions in item

(ii) or (iii) thereof shall state that each such property addition included in item (ii) or (iii) thereof has not previously been included in a certificate filed complying with the requirements of this Subdivision (1). However the inclusion of a particular property addition in a certificate filed complying with the requirements of this Subdivision (1) shall not affect the availability of such property addition for use under Section 3.05.

In the event any bondable property certificate which includes a certification of property additions in item (ii) or (iii) thereof shows an amount in item (xiv) thereof as being available for use as bondable property additions which exceeds the amount stated in item (xv) thereof, and if either:

(A) the amount of such excess (the "excess amount") is greater than 2% of the aggregate principal amount of bonds outstanding at the time of the filing of such certificate (the "excess certificate"); or

(B) the aggregate of the amounts specified as a basis for action in item (xv) of the bondable property certificates filed during the three years next succeeding the delivery of the excess certificate is less than the excess amount;

thereafter (i.e., after the filing of the excess certificate if condition (A) is applicable, or after three years following the filing of the excess certificate if condition (B) is applicable) and until the aggregate of the amounts specified as a basis for action in item (xv) of the bondable property certificates filed after the delivery of the excess certificate at least equals the excess amount, the Company shall be required to deliver to the Trustee at the time of each filing of a bondable property certificate a further independent engineer's certificate and/or engineer's certificate, as appropriate, as to the fair value of all property additions included in item (ii) or (iii) of the excess certificate. If any such further certificate states a lower fair value for the property additions to which it relates than was stated in the similar certificate filed with the excess certificate, the amount of bondable property additions available for use under the Mortgage shall be reduced by the amount of the difference and such reduction shall appropriately be taken into account in the current bondable property certificate and each subsequent certificate.

(2) In case any property additions are included in item (ii) of a certificate then being filed with the Trustee pursuant to Subdivision (1) of this Section 3.57, and not otherwise, there shall be furnished an independent accountant's certificate, dated not more than ninety days prior to the date of filing thereof with the Trustee, stating the cost of such property additions.

(3) In case any property additions are included in item (ii) of a certificate then being filed with the Trustee pursuant to Subdivision (1) of this Section 3.57, or if required by the further provisions of Subdivision (1), and not otherwise, there shall be furnished an independent engineer's certificate, dated not more than ninety days prior to the date of filing thereof with the Trustee, stating the signer's opinion of the fair value of such property additions.

(4) In case any property additions are included in item (iii) of a certificate then being filed with the Trustee pursuant to Subdivision (1) of this Section 3.57, or if required by the further provisions of Subdivision (1), and not otherwise, there shall be furnished an engineer's certificate, dated not more than ninety days prior to the date of filing thereof with the Trustee, stating the signer's opinion of the fair value of such property additions.

(5) In case any property additions are included in items (ii) or (iii) of a certificate then being filed with the Trustee pursuant to Subdivision (1) of this Section 3.57, and not otherwise, there shall be furnished an opinion of counsel stating that such property additions (except such thereof as have been retired or otherwise disposed of prior to the date of such opinion) are subject to the direct first mortgage lien of the Mortgage, subject only to permitted liens and specified prior liens.

SECTION 3.58. *Net Earnings Requirement.* No bonds shall be authenticated and delivered under Section 3.54, Section 3.55 or Section 3.56 (or under Section 3.52 or Section 3.53 if the conditions stated in clause (b) thereof respectively shall be applicable) unless the Trustee shall have received an accountant's certificate, dated the date of the Company's application pursuant to Section 3.51 (1), showing in reasonable detail that the net earnings of the Company during a period of twelve consecutive calendar months during the

period of fifteen consecutive calendar months immediately preceding the first day of the month in which the application for additional bonds is made at least twice the annual interest requirements of the Company; provided that such certificate shall be an independent accountant's certificate if the aggregate principal amount of (i) the bonds for which application is then being made, and (ii) all other bonds authenticated and delivered under the Mortgage since the commencement of the then current calendar year, is 10% or more of the aggregate principal amount of bonds then outstanding.

As used in this Section, the term "net earnings" shall mean the amount of income for a period of twelve consecutive calendar months remaining after deducting from the Company's gross operating revenues all operating expenses of the Company (excluding taxes measured by or dependent on net taxable income), and after adding or deducting, as appropriate, net nonoperating income or loss, all as computed in accordance with the Uniform System; provided that:

(1) the amount of net non-operating income or loss to be taken into account in determining net earnings for any period shall not exceed 10% (or such higher percent not to exceed 20%, as shall be authorized by the Securities and Exchange Commission or by any successor commission thereto, under the Public Utility Holding Company Act of 1935) of an amount determined by deducting such operating expenses from such gross operating revenues for the 'period in question;

(2) in computing net earnings for any period, the amount, if any, charged to income or earned surplus for such period for electric or gas plant acquisition adjustments shall be included in operating expenses in computing net earnings for the period to the extent that, and only to the extent that, the current provision for depreciation with respect to depreciable property shall be insufficient to permit the write-off of depreciable property (together with amounts classified as plant acquisition adjustments) at the expiration of the estimated useful life thereof;

(3) if for any period the replacement fund requirement exceeds the sum of (a) the amount included in operating expenses for depreciation, and (b) the amount required to be so included pursuant to paragraph (2) of this definition on account of acquisition adjustments, such excess shall be included in operating expenses in computing net earnings for the period; and

(4) if any property owned by the Company on the date of any computation of net earnings shall consist of property formerly operated by others and acquired by the Company during or after the period covered by such certificate, the net earnings of such property (computed as nearly as practicable in the manner herein specified for the computation of the net earnings of the Company) during such period or such part of such period as shall have preceded the acquisition thereof by the Company, to the extent that the same have not otherwise been included and can be determined, shall be treated as net earnings of the Company for all purposes of this Section; and the net earnings which can be determined of any property disposed of by the Company during or after such period shall not be treated as net earnings of the Company.

Further, as used in this Section, "annual interest requirements" means the annual interest charges on all bonds and all prior lien obligations which will be outstanding immediately after the authentication and delivery of the additional bonds for which application is currently being made.

ARTICLE 4.

Redemption of Bonds.

SECTION 4.01. *Method of Redemption.* In the creation of any series of bonds hereunder the Company may reserve the right to redeem, before maturity, all or any part of the bonds of such series at such time or times and on such terms as the Board may determine and as shall be appropriately expressed in each of the bonds of such series.

In case the Company shall desire to exercise such right to redeem and pay off all, or, as the case may be, any part of the bonds of a particular series in accordance with the right reserved so to do, it will publish in at least one daily newspaper of general circulation published in the Borough of Manhattan, in the City of New York, and in at least one daily newspaper of general circulation published in the City of Boston, Massachusetts, the first such publication to be at least thirty days prior to the date fixed for payment, and thereafter publication to be made at least once each week during the last four calendar weeks preceding said redemption date, a notice to the

effect that the Company has elected to redeem and pay off all the bonds of such series or a part thereof, as the case may be, on such date, specifying in case of partial redemption the serial numbers of the coupon bonds and registered bonds without coupons to be redeemed, and of the registered bonds without coupons to be redeemed in part only, and in every case stating that on said date there will become due and payable upon each of the bonds, or, in case of partial redemption, upon each coupon bond and upon each registered bond without coupons or portion thereof, so to be redeemed, at the office of the Trustee, the principal thereof with such premium, if any, as is specified in such bonds, together with the accrued interest to such date, and that from and after said date interest thereon will cease to accrue; provided, however, that such notice by publication may be omitted (and only the notice by mail required by the next sentence shall be required) in case all the bonds to be redeemed are fully registered bonds or coupon bonds registered as to principal of a series originally issued after April 1, 1967. Similar notice shall be sent by the Company through the mails, postage prepaid, at least thirty days prior to such redemption date, to the holders of registered bonds without coupons and to the registered holders of coupon bonds so to be redeemed to the addresses that shall appear upon the transfer register. In case the Company shall have elected to redeem and pay off less than all the outstanding bonds of any series it shall, in each such instance, at least ten days before the date upon which the first publication of the notice of redemption hereinbefore mentioned is required to be made, notify in writing the Trustee of its said election and of the aggregate principal amount of bonds of such series to be redeemed, and thereupon the Trustee shall draw by lot, in any manner by it deemed proper, the distinguishing numbers of bonds of such series equal to such aggregate principal amount. Each registered bond shall be represented in any such drawing by a lot for each \$1,000 of principal of such registered bond. The Trustee shall, within five days after receiving the notice aforesaid, notify the Company in writing what bonds shall have been so drawn. The notice of redemption hereinbefore mentioned shall specify the respective numbers of the registered bonds so drawn, in whole or in part, as well as the serial numbers of the coupon bonds so drawn, and in the case of any registered bonds without coupons which are to be redeemed in part only, said notice shall specify the respective portions of the principal amount thereof to be redeemed, and state that upon presentation of such registered bonds for redemption, new bonds of the same series of an aggregate principal

amount equal to the unredeemed portions of such registered bonds will be issued in lieu thereof. The Company shall execute and the Trustee shall authenticate and deliver to the registered holder thereof, or on his order, and at the expense of the Company, a new bond, or new bonds, for the amount of surrendered registered bonds, less the principal amount paid on surrender and partial payment of the bonds so partially redeemed.

Before such redemption date specified in such notice the Company shall deposit with the Trustee a sum of money sufficient to redeem the bonds so designated for redemption and to pay the interest due thereon up to such redemption date to be held for account of the holders thereof and to be paid to them respectively upon presentation and surrender of said bonds with all unpaid coupons. From and after the redemption date specified in the notice above provided for (unless the Company shall fail to deposit with the Trustee the necessary funds as above provided) no further interest shall accrue upon any of the bonds so to be redeemed (or, in the case of registered bonds, only a portion of the face amount of which is to be redeemed, on such portion thereof), and anything in said bonds or in such coupons or in the Mortgage to the contrary notwithstanding, any coupons for interest pertaining to any such bonds and maturing after said date shall become and be null and void. If upon said redemption date any bonds so called for redemption shall not be presented for payment but the coupons due on said date attached to any such coupon bonds shall be presented or claim made for payment of interest on any such bonds as may be fully registered without coupons, the Company covenants that it will, if and when it is informed of the names and addresses of the parties who presented such coupons or claims for interest, notify such parties in writing of the fact that the bonds to which such coupons or claims for interest pertained have been called for redemption on said redemption date, and that no further interest will accrue upon such bonds or, in the case of fully registered bonds, upon the portion of the principal amount thereof which may have been called for redemption.

SECTION 4.02. *Redemption of All Bonds.* On the deposit with the Trustee of the amount necessary so to redeem all the outstanding bonds secured by the Mortgage (if they shall be redeemable and shall all have been duly called for redemption) together with proof by affidavit that said notice or notices of redemption have been given as hereinbefore provided for, and on payment to the Trustee of all its costs, charges and expenses in relation thereto or otherwise under the Mortgage, and on delivery to the Trustee of

(i) an officer's certificate stating that the conditions precedent specified in this Article 4 have been complied with, and (ii) an opinion of counsel stating that in his opinion said conditions precedent have been complied with, the Trustee shall cancel and satisfy the Mortgage and cause the same, at the expense of the Company, to be discharged of record, and shall assign or cause to be assigned and shall deliver to the Company or upon its order all securities and moneys then held by the Trustee under the provisions hereof other than the moneys deposited under this Section 4.02. The moneys so deposited with the Trustee shall be applied by it to the payment of the bonds issued under the Mortgage at the redemption rate or rates with accrued interest to the interest day or days designated for redemption.

SECTION 4.03. *Redeemed Bonds To Be Cancelled.* All bonds redeemed and paid under this Article 4 shall be cancelled and, on demand, surrendered to the Company.

ARTICLE 5

Bondholders' Lists and Reports by the Company and the Trustee.

SECTION 5.01. *List of Names and Addresses.* The Company will, so long as any bonds are outstanding under the Mortgage, furnish or cause to be furnished to the Trustee between April 15 and May 1, and between October 15 and November 1, in each year, and at such other times as the Trustee may request in writing, within thirty days after the receipt by the Company of any such request, a list in such form as the Trustee may reasonably require containing all the information in the possession or control of the Company or of any of its paying agents, as to the names and addresses of the holders of bonds obtained since the date as of which the next previous list, if any, was furnished. Any such list shall be dated as of a date not more than fifteen days prior to the time such information is furnished or caused to be furnished, and need not include information received after such date.

SECTION 5.02. *Retention and Use of Lists.* (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the bondholders (i) contained in the most recent list furnished to it as provided in Section 5.01, (ii) received by it in the capacity of paying agent under the Mortgage, if and when acting in such

capacity, and (iii) filed with it within two preceding years pursuant to Section 5.04 (c) (2). The Trustee may (1) destroy any list furnished to it as provided in said Section 5.01 upon receipt of a new list so furnished; (2) destroy any information received by it as paying agent for any series of bonds upon delivering to itself as Trustee, not earlier than forty-five days after an interest payment date of the bonds of such series, a list containing the names and addresses of the holders of bonds of such series obtained from such information since the delivery of the next previous list, if any, with respect to such series; (3) destroy any list delivered to itself as Trustee which was compiled from information received by it as such paying agent upon the receipt of a new list so delivered with respect to the same series; and (4) destroy any information received by it pursuant to Section 5.04(c)(2), but not until two years after such information has been filed with it.

(b) In case three or more holders of bonds outstanding under the Mortgage (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned one or more bonds outstanding under the Mortgage for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of bonds with respect to their rights under the Mortgage or under the bonds, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(1) afford to such applicants access to all information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section and to the names and addresses of the holders of registered bonds without coupons and of coupon bonds registered as to principal; or

(2) inform such applicants as to the approximate number of holders of bonds whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section and as to the approximate number of holders of registered bonds without coupons and of coupon bonds registered as to principal, and as to the approximate cost of mailing to such bondholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each bondholder whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants, and file with the Securities and Exchange Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the bondholders, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections, or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for a hearing, that all the objections so sustained have been met, and shall enter an order so declaring, the Trustee shall mail copies of such material to all such bondholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) The Trustee shall not be held accountable by reason of the mailing of any material pursuant to any request made under subsection (b) of this Section.

SECTION 5.03. *Furnishing of Reports.* (a) The Company will file with the Trustee within fifteen days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as such Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with such Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents, or reports pursuant to either of such sections, then to file with the Trustee and the Securities and Exchange Commission, in accordance with rules and regulations prescribed from time

to time by said Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) The Company will file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in the Mortgage as may be required from time to time by such rules and regulations;

(c) The Company will transmit to the holders of bonds in the manner and to the extent provided in Section 5.04 (c) with respect to reports pursuant to Section 5.04(a), such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section as may be required by the rules and regulations prescribed from time to time by the Securities and Exchange Commission; (d) The Company will furnish to the Trustee (1) with or as a part of each annual report and each other document or report filed with the Trustee pursuant to subsection (a) or (b) of this Section, an officer's certificate stating that in the opinion of the signers such annual report or other document or report complies with the requirements of such subsection (a) or (b) and (2) after the Company shall have mailed or caused to be mailed to holders of bonds any summary of information, documents or reports pursuant to subsection (c) of this Section, a like certificate stating that in the opinion of the signers such summary complies with the requirements of such subsection (c).

SECTION 5.04. *Reports by Trustee.* (a) The Trustee shall transmit on or before November 15 in each year, to the bondholders as hereinafter in this Section provided, a brief report as of the preceding September 15 with respect to

(1) its eligibility under Section 11.14 and its qualifications under Section 11.11, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee, as such, which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the bonds on the trust estate or on property or funds held or collected by it as Trustee, if such advances so remaining unpaid aggregate more than 1/2% of the aggregate principal amount of the bonds outstanding on the date of such report;

(3) the amount, interest rate, and maturity date of all other indebtedness owing by the Company or any other obligor upon the bonds to the Trustee in its individual capacity on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraphs (2), (3), (4), or (6) of subsection (b) of Section 11.12;

(4) the property and funds physically in the possession of the Trustee, as such Trustee, or of a depository for it, on the date of such report;

(5) any release, or release and substitution, of property subject to the lien of the Mortgage (and the consideration therefor, if any) which it has not previously reported; provided, however, that to the extent that the aggregate value as shown by the release papers of any or all of such released properties does not exceed an amount equal to 1% of the aggregate principal amount of bonds then outstanding, the report need only indicate the number of such releases, the total value of property released as shown by the release papers, the aggregate amount of cash and obligations secured by purchase money mortgages received and the aggregate value of property received in substitution therefor as shown by the release papers;

(6) any additional issue of bonds which it has not previously reported; and

(7) any action taken by the Trustee in the performance of its duties under the Mortgage which it has not previously reported and which in its opinion materially affects the bonds, or the trust estate, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 5.05.

(b) The Trustee shall transmit to the bondholders as hereinafter provided, a brief report with respect to

(1) the release, or release and substitution, of property subject to the lien of the Mortgage (and the consideration therefor, if any) unless the fair value of such property, as shown by the release papers, is less than 10% of the aggregate principal amount of bonds outstanding under the Mortgage at the time of such release, or such release and substitution, such report to be so transmitted within ninety days after such time; and

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee, as such, since the date of the last report transmitted pursuant to the provisions of subsection (a) of this Section, for the reimbursement of which it claims or may claim a lien or charge, prior to that of the bonds on the trust estate or on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this paragraph, if such advances remaining unpaid at any time aggregate more than 10% of the aggregate principal amount of bonds outstanding at such time, such report to be transmitted within ninety days after such time.

(c) Reports pursuant to this Section shall be transmitted by mail-

(1) to all registered holders of bonds, as the names and addresses of such holders appear upon the registration books of the Company;

(2) to such holders of bonds as have, within two years preceding such transmissions, filed their names and addresses with the Trustee for that purpose; and

(3) except in the case of reports pursuant to subsection (b) of this Section, to each bondholder whose name and address is preserved at the time by the Trustee, as provided in subsection (a) of Section 5.02.

(d) A copy of each such report shall, at the time of such transmission to bondholders, be filed by the Trustee with each stock exchange upon which the bonds are listed and also with the Securities and Exchange Commission.

(e) For the purpose of this Section, all bonds which have been authenticated and delivered and not returned to the Trustee and cancelled, shall be deemed to be outstanding.

SECTION 5.05. *Notice of Default.* The Trustee shall, within ninety days after the occurrence thereof, give to the bondholders, in the manner and to the extent provided in Section 5.04(c), notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purposes of this Section being hereby defined to be the events specified in Section 10.02, not including any periods of grace provided for therein) ; provided that, except in the case of default in the payment of the principal of or interest on any of the bonds, or in the payment of any sinking fund installment, the Trustee shall be protected in withholding such notice if and so long as the Board of Directors, the Executive Committee, or a trust committee of directors and/or responsible officers, of the Trustee in good faith determine that the withholding of such notice is in the interests of the bondholders.

ARTICLE 6.

Particular Covenants of the Company.

The Company hereby covenants and agrees as hereinafter in this Article set forth that:

SECTION 6.01. *To Pay Principal and Interest; Not to Extend or Refund Coupons.* It will duly and punctually pay the principal and interest of every bond authenticated and delivered by the Trustee under the Mortgage, at the dates, place and in the manner mentioned in such bonds or any coupons thereto belonging, according to the true intent and meaning thereof. The interest on the coupon bonds until maturity shall be payable only upon the presentation and surrender of the several coupons for such interest as they respectively mature and, when paid, such coupons shall forthwith be cancelled. The interest on the registered bonds without coupons shall be payable only to the registered holders thereof.

It will not directly or indirectly extend, or assent to the extension of, the time for payment of any coupon or claim for interest on any bond secured

hereby, and it will not, directly or indirectly, be a party to any arrangement therefor by purchasing or funding said coupons or claims for interest or in any other manner.

SECTION 6.02. *Paying Agencies.* At all times, until the payment of the bonds issued hereunder, it will cause an office or agency to be maintained by it in the Borough of Manhattan, City of New York, and in any other place or places designated in the bonds, for the payment of the principal and/or interest of the bonds and where notices and demands in respect of the bonds and/or interest thereon may be served, and will, by written notice, designate such office or agency to the Trustee. In default of any such office or agency, presentation for payment may be made and notice and demand served at the principal office in said Borough of Manhattan of the Trustee or any successor to it in the trust.

It will cause any paying agent (other than the Company and the Trustee) heretofore or hereafter appointed by it to execute and deliver to the Trustee an instrument in which it shall agree with the Trustee, subject to the provisions of this Section, (1) that such paying agent shall hold in trust for the benefit of the bondholders or the Trustee all sums held by such paying agent for the payment of the principal of or interest or premium on any bonds outstanding under the Mortgage; and (2) that such paying agent shall give the Trustee notice of any failure by the Company or any other obligor upon the bonds to make payment of the principal of or interest or premium on any such bond, and of any default by the Company or any other obligor upon the bonds in the making of any such payment. Such paying agent shall not be obligated to segregate such sums from other funds of such paying agent, except to the extent required by law.

If the Company acts as its own paying agent, it shall, on or before each date on which the principal of, or an installment of interest or the premium on, any bond outstanding under the Mortgage becomes due, set aside and hold in trust for the benefit of the bondholders or the Trustee a sum sufficient to pay such principal or interest or premium so becoming due on any such bond and shall give to the Trustee notice of such action or of its failure to take such action.

SECTION 6.03. *Further Assurances.* (a) It will at any and all times do, execute, acknowledge and deliver, or will cause to be done, executed,

acknowledged and delivered by any other corporation or person obligated to the Company so to do, all and every such further acts, deeds, conveyances, mortgages and transfers and assurances as the Trustee shall reasonably require for the better assuring, conveying, mortgaging, assigning and confirming unto the Trustee all and singular the hereditaments, the premises, estates and property hereby conveyed or assigned, or intended so to be, or which the Company may hereafter become bound to convey or assign to the Trustee and to transfer to any successor trustee such premises, estates and property.

(b) In the event nuclear core elements comprising all or a portion of an inventory of such elements which has been made the basis of the issue of bonds under Section 3.55 are removed from the site of the Company's nuclear generating unit for which such inventory was obtained, the Company will take all such action as may be required in any jurisdiction to which such elements are removed to preserve and protect the lien of the Mortgage on such elements, and the priority of such lien on such elements, unless either (i) such elements are released from the lien hereof pursuant to Article 8 or Article 8.5, or (ii) such elements are sold, exchanged, disposed of or removed pursuant to Section 8.03 or Section 8.53(h).

SECTION 6.04. *Warranty of Title.* It has good title to and is possessed of the lands and other property described in the granting clauses hereof as owned by the Company and thereby granted, and the Company will warrant and defend the title to said lands and other property as well as to any lands and other property hereafter made subject to the lien of the Mortgage, to the Trustee, its successors in the trust and its and their assigns for the benefit of the holders of bonds issued hereunder against claims and demands of all persons whomsoever; subject, however, insofar as affected thereby, to the lien described or referred to in the granting clause hereof and in the case of any such lands and other property subjected after May 1, 1921 to the lien of the Mortgage, to the liens and encumbrances thereon, if any, at the time they shall become subject to the lien of the Mortgage.

SECTION 6.05. *Prior liens.* (a) It will not voluntarily create, or suffer to be created, any debt, lien or charge having priority to the lien of the Mortgage, upon the trust estate, but it shall not be required to pay any such debt, lien or charge so long as it shall, in good faith and by appropriate

proceedings, contest the validity thereof, unless thereby, in the judgment of the Trustee, the security afforded by the Mortgage will be materially endangered.

(b) Until the Second Effective Date (but not thereafter), it will not increase the outstanding issue of bonds under any underlying mortgage, now or hereafter a lien upon the mortgaged premises or any part thereof, and it will not extend or consent to the extension of the time of payment of the principal of any bonds secured by any such underlying mortgage, and before or at the maturity thereof will pay or cause to be paid the principal of, or will acquire and pledge hereunder, all such bonds and, until paid or discharged at maturity, or otherwise will, except as provided in paragraph (3) of Section 3.04, pay the interest thereon or cause it to be paid at the times and at the place or places therein, or in the coupons attached thereto set forth.

(c) It will cause all prior lien obligations to be paid in accordance with their terms at or before the maturity thereof, and will duly and punctually perform all the conditions imposed upon it by any prior lien, and will not permit any default under any prior lien to occur or continue for the period of grace specified therein.

It will not permit any increase in the aggregate principal amount of the outstanding indebtedness secured by any prior lien, other than in respect of interest accrued thereon but not yet due, unless

(i) the additional obligations representing such increase are issued in exchange for or in lieu of outstanding obligations on the exercise by the holder of such outstanding obligations of a right possessed by such holder at the date of acquisition by the Company of the property subject to such prior lien, or

(ii) the additional obligations representing such increase are deposited with the Trustee pursuant to Section 6.15 hereof, or

(iii) the additional obligations representing such increase are deposited with the trustee or other holder of another prior lien then existing upon the same property as that mortgaged or pledged to secure the additional obligations so deposited (under conditions such that no transfer of ownership or possession of such additional obligations by

the trustee or other holder of such prior lien is permissible except to the Trustee hereunder to be held subject to the provisions of Section 6.15 hereof, or to the trustee or other holder of some other prior lien upon the same property for cancellation or to be held uncanceled under the terms of such other prior lien under like conditions).

It will not apply under any provision of the Mortgage on the basis of any additional prior lien obligations which are permitted to be incurred pursuant to clause (ii) or (iii) of the preceding sentence for the authentication and delivery of any bonds, or the withdrawal of cash, or the release of property, or for any other credit with respect to such additional prior lien obligations; nor will it apply, on the basis of any such additional prior lien obligations, under any provision of any prior lien for the withdrawal of cash or securities held by the trustee or other holder of such prior lien, unless such cash or securities so withdrawn shall be deposited with the Trustee hereunder (unless such cash or securities are required to be deposited with the trustee or other holder of some other prior lien upon the same property), to be held as part of the trust estate, and thereafter to be withdrawn, used or applied, in the manner, to the extent, and for the purposes and subject to the conditions provided in Article 9.

It will not reissue or otherwise dispose of any prior lien obligations which it may acquire, provided that nothing in this paragraph (c) shall prevent the retirement of any such prior lien obligation or the use of any such prior lien obligation under the Mortgage.

SECTION 6.06. *Renewal and Replacement Fund.* On or before May 1 of each year beginning with the year 1968, it will deliver to the Trustee a maintenance certificate which shall be dated within thirty days of the date of delivery to the Trustee and shall state:

- (i) the replacement fund requirement for the period subsequent to December 31, 1966, and prior to the January 1 next preceding the date of the certificate;
 - (ii) the amount specified pursuant to item (i) in the maintenance certificate, if any, filed in the preceding calendar year;
 - (iii) the difference between the amount specified in item (i) above and the amount specified in item (ii) above;
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(iv) the amount expended by the Company for property additions subsequent to December 31, 1966, and prior to the January 1 next preceding the date of such maintenance certificate;

(v) the amount specified pursuant to item (iv) in the maintenance certificate, if any, filed in the preceding calendar year;

(vi) the difference between the amount specified in item (iv) above and the amount specified in item (v) above;

(vii) any available replacement credit, as hereinafter defined, and the computation thereof; and

(viii) the replacement credit or replacement deficit as hereinafter defined.

The amount "expended by the Company for property additions", for purposes of this Section, shall not include (a) the amount of any prior lien obligation secured by a prior lien on property acquired, (b) any amount on account of property additions acquired by merger or consolidation, or which were operated, within six months prior to the date of acquisition thereof by the Company, by a person or persons other than the Company in a business similar to that in which they are to be used or operated by the Company, or (c) any amount expended for the acquisition of any property disposed of by the Company within the year immediately preceding such acquisition. However, if the Company acquires any property addition subject to a prior lien, any payments made thereafter by the Company in reduction of the prior lien obligation secured by such lien shall be deemed, for purposes of this Section, to have been "expended" for a property addition.

The term "replacement credit" shall mean the excess of the sum of the amounts stated pursuant to paragraphs (vi) and (vii) above over the amount stated pursuant to paragraph (iii) above, and the term "available replacement credit" shall mean the amount of the replacement credit, if any, stated in paragraph (viii) of the last maintenance certificate theretofore filed, less the principal amount of bonds or refundable prior lien obligations and cash thereafter withdrawn and the amount of bondable property additions thereafter offset upon the basis of such replacement credit as hereinafter in this Section provided.

The term "replacement deficit" shall mean the amount by which the amount stated pursuant to paragraph (ill) above exceeds the sum of the amounts stated pursuant to paragraphs (vi) and (vii) above.

In case any maintenance certificate shows a replacement deficit; the Company will, concurrently with the filing of such certificate, satisfy such replacement deficit by any one or more of the following methods:

- (1) depositing cash with the Trustee;
- (2) depositing with the Trustee outstanding bonds or refundable prior lien obligations which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53; or
- (3) specifying to the Trustee bondable property additions.

For the purpose of computing the amount of any deposit or credit for the purposes of this Section, bonds or refundable prior lien obligations deposited shall be included at the principal amount thereof, and credit shall be allowed for an amount equal to 100% of bondable property additions.

In the event the Company desires to specify bondable property additions under this Section to satisfy a replacement deficit or as the basis for a withdrawal of cash, it shall deliver to the Trustee a bondable property certificate complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57. If, in satisfaction of a replacement deficit or as a basis for the withdrawal of cash under this Section or to offset a prior certification of bondable property additions, the Company deposits with the Trustee outstanding bonds or refundable prior lien obligations which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53, it shall deliver to the Trustee the evidence, as appropriately modified, provided for in the appropriate one of said Sections, except that no certification as to the net earnings requirement of Section 3.58 shall be required.

The Trustee shall hold any cash deposited with it under the provisions of this Section as part of the trust estate until paid out as hereinafter provided. Upon delivery to the Trustee of an application, signed by the President or a Vice-President of the Company, cash deposited under the provisions of this Section may

- (1) be withdrawn by the Company in an amount equal to any available replacement credit; or
- (2) be withdrawn by the Company in an amount equal to 100% of bondable property additions; or
- (3) be used or applied as provided in Section 9.04, except that any premium required to be paid to purchase or redeem bonds shall be paid out of funds held by the Trustee under this Section and the Company shall not be required to furnish the Trustee with additional funds for such purpose or to reimburse the Trustee or the replacement fund for moneys so paid out; or
- (4) be withdrawn on the basis of a deposit of bonds or refundable prior lien obligations which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53.

The amount of bondable property additions which has been specified to satisfy any replacement deficit or to withdraw any cash deposited with the Trustee pursuant to this Section may be offset, for the purpose of computing thereafter the amount of bondable property additions, in an amount equal to any available replacement credit or to the principal amount of outstanding bonds or refundable prior lien obligations deposited with the Trustee for such purpose which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53. Such offset shall become effective upon the filing with the Trustee of an officers' certificate stating the amount of bondable property additions theretofore specified for such purposes to be offset and the manner in which such offset is to be effected. If such offset is to be effected by the deposit of bonds or refundable prior lien obligations, such officers' certificate shall be accompanied by such bonds or refundable prior lien obligations.

Bonds or refundable prior lien obligations deposited with or purchased or redeemed by the Trustee pursuant to this Section shall be held by the Trustee until withdrawn as hereinafter provided and, while so held, shall not be made the basis for the authentication of bonds, the withdrawal, use or application of cash or the release of property, under any of the provisions of the Mortgage, or used to satisfy a replacement deficit or to satisfy any other requirements hereof. Any bonds or refundable prior lien obligations deposited with or

purchased or redeemed by the Trustee pursuant to this Section may be Withdrawn by the Company in principal amount equal to any available replacement credit, and thereafter the foregoing limitation on the use of such bonds or refundable prior lien obligations shall cease to be applicable. Such withdrawal shall be permitted upon the filing with the Trustee of all officers' certificate stating the principal amount of bonds or refundable prior lien obligations held by the Trustee subject to the provisions of this Section to be withdrawn and the amount of any available replacement credit. No payment by way of principal, interest or otherwise on any bonds or refundable prior lien obligations so held by the Trustee shall be made or demanded by the Trustee while so held and the coupons thereto appertaining as they mature shall be cancelled by the Trustee. Any bonds or refundable prior lien obligations so held by the Trustee shall, if continued to be so held, be cancelled upon the maturity thereof.

SECTION 6.07. *Payment of Taxes, etc.* It will from time to time pay or cause to be paid all taxes and assessments lawfully levied or assessed upon the property and franchises hereby mortgaged or pledged or intended so to be or upon any part thereof, and upon all other property, income and profits of the Company, when the same shall become lawfully due and payable, and will not suffer any mechanics', laborers', statutory or other similar liens to remain outstanding upon the mortgaged premises and pledged property, or any part thereof, the lien whereof might or could be held to be prior to the lien of the Mortgage; provided, however, that the Company shall have the right to contest by legal proceedings any taxes, assessments or liens not hereby created and pending such contest may delay or defer the payment thereof.

SECTION 6.08. *Maintenance of Property.* (a) It will not, except as herein allowed, do or suffer to be done any act or thing whereby the lien hereof might or could be impaired and it will at all times maintain, preserve and keep the mortgaged premises and every part thereof with the fixtures and appurtenances thereof, in thorough repair, working order and condition; and from time to time will make all needful and proper repairs, renewals, replacements, additions, betterments and improvements, so that at all times the value of the security for the bonds issued hereunder and the efficiency of the property hereby mortgaged shall be fully preserved and maintained.

(b) Until the Second Effective Date (but not thereafter), it will set aside or expend from its gross operating revenues during each month beginning January 1, 1921, for the maintenance and replacement of its properties, an amount equivalent to not less than 10% of its gross operating revenues for such month. Any portion of such aggregate amount not actually expended for current maintenance or for replacements and renewals during any twelve months' period ending December 31 in any year shall be segregated in a special reserve account which shall in subsequent years be used only for maintenance expenditures or for replacements and renewals in excess of the 10% requirement for the current year or for capital expenditures which would otherwise be available as a basis for the issue of bonds hereunder. If during any such year the expenditures of the Company for maintenance, replacements and renewals should in the aggregate exceed an amount equivalent to 10% of its gross operating revenues during said year, any such excess may be credited upon the 10% requirement in subsequent years.

From time to time after January 1, 1924, but not within three years from the last previous determination, such percentage of gross operating revenues may be re-determined, effective as of the first day of the month following such redetermination, by a board of arbitration on application of the Company, notice having been given by the Company to the Trustee, or on the request of the Trustee delivered to the Company or on the request of the holders of at least 10% of all bonds secured hereby then outstanding, notice in such case having been given to the Company and to the Trustee. In case of such application by the Company or the Trustee it shall not be necessary or expected that any notice thereof shall be given to the bondholders by either the Company or the Trustee, except as to any bondholder who has filed with the Trustee a request to be notified.

If arbitration shall be so applied for or requested for the redetermination of such percentage of gross operating revenues, the arbitrators shall be appointed and the arbitration shall proceed in the following manner: Within thirty days after the delivery of such application or request the Company shall select one arbitrator, and the Trustee shall select one arbitrator, and shall notify each other of their selection, and if any bondholders have applied for the arbitration, or filed with the Trustee a request to be notified, the Trustee shall also notify such bondholders. Within ten days additional after the end of the said first period of thirty days the two arbitrators chosen as aforesaid shall select a third arbitrator. If the third arbitrator shall not

be so selected within the said ten days; application may be made by either party to a judge of the United States Court of Appeals for the Second Circuit, or to such other judge as the two arbitrators previously chosen may agree upon, for the appointment of a competent and disinterested person in determining any questions before them, said arbitrators may consider any facts or evidence whatsoever which they in their uncontrolled judgment may deem competent or material, and the decision of a majority of said arbitrators shall be conclusive upon all parties in interest hereunder. Any vacancy in the board of arbitration shall be filled in the manner of the original appointment of the arbitrator whose place shall have become vacant. In case the questions submitted for decision shall not be decided by the board of arbitration and their report filed with the parties thereto 'within sixty days from the date of the selection of the third arbitrator, the arbitrators shall be deemed discharged, and upon request of either party a new arbitration may be had in like manner as aforesaid, subject to the same terms and provisions; provided, however, that if the Company, the Trustee and a majority in principal amount of the bondholders, if any, who applied for any arbitration shall, by writings filed with the Trustee, request that the time allowed for such arbitration be extended, it shall be extended for the shortest period specified in such requests. The expense of such arbitration shall be forthwith paid by the Company. Until such decision has been rendered by such board of arbitration the trustee shall be under no obligation to take any action with regard to the matter in issue or controversy, hut the provisions of the Mortgage relating to default shall not be in any manner suspended nor shall the rights of the Trustee or of the bondholders with respect to any acts or proceedings based upon or pursuant to any default be in any manner delayed or otherwise affected pending any such arbitration or by reason thereof.

(c) Nothing in this Section shall be construed to prescribe or affect in any manner whatsoever the methods and practices of the Company in keeping its books and accounts or as may be prescribed by any governmental authority, or shall impair by any implication the force of the covenant contained in this Section to maintain the property of the Company.

SECTION 6.09. *Insurance.* It will at all times keep such parts of the said mortgaged premises or property as are liable to be destroyed or injured by fire or other casualty insured against loss or damage to the extent that

such property is usually insured, or in lieu of, or supplementing such insurance, it will adopt such other plan or method of protection against loss or damage by fire or other casualty, whether by the establishment of an insurance fund or otherwise, as may be determined by the Board; provided, however, that in the course of substitution of any such other plan or method, the Company will not at any time reduce the aggregate amount of protection of its property against loss below the amount for which such property would have been insured under the provisions of this Section had such plan or method not been adopted. The proceeds of any such insurance, if exceeding in any case of loss the amount of \$25,000, shall, if not required to be deposited with the trustee under any mortgage to which said property may be subject prior to the lien of the Mortgage, be paid to the Trustee which shall, at the request of the Company and under its direction, pay over the same to the Company from time to time to reimburse the Company for money spent by it for replacements of or substitutions for the injured or destroyed property, upon receipt by the Trustee of an engineer's certificate stating the fair value to the Company as of the date of the certificate of the replacement or substitution; provided that such certificate shall be an independent engineer's certificate if any portion of the property used to effect such replacement or substitution (A) was operated within six months prior to the date of acquisition thereof by the Company, by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company, and (B) has a fair value to the Company, as stated in the certificate required by this clause, of not less than \$25,000 and not less than 1% of the aggregate principal amount of the bonds at the time outstanding. Nevertheless the Trustee shall not be obliged to see to the application thereof. In all other cases the proceeds of any such insurance shall be applied for any of the purposes and in the manner set forth in Article 9, but only upon compliance with the requirements thereof.

SECTION 6.10. *Recording.* (a) It will cause this indenture and every indenture supplemental hereto, to be duly recorded both as a mortgage of real and of personal property, and will comply with the requirements of any and every law affecting the due recording of this indenture or any indenture supplemental hereto, and will do whatever else may be necessary in order to perfect and continue the lien of the Mortgage upon the mortgaged premises.

(b) It will furnish to the Trustee, promptly after the execution and delivery of each indenture supplemental to the Mortgage, an opinion of

counsel either stating that in the opinion of Stich counsel the Mortgage has been properly recorded and filed so as to make effective the lien intended to be created thereby, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such lien effective. It shall be a compliance with this subsection (b) if (1) the opinion of counsel herein required to be delivered to the Trustee shall state that the Mortgage has been received for record or filing in each jurisdiction in which it is required to be recorded or filed and that, in the opinion of counsel (if such is the case), such receipt for record or filing makes effective the lien intended to be created by the Mortgage, and (2) such opinion is delivered to the Trustee within such time, following the date of the execution and delivery of each supplemental indenture as shall be practicable having due regard to the number and distance of the jurisdictions in which the Mortgage is required to be recorded or filed.

(c) It will furnish to the Trustee, on or before December 1, 1944, and annually thereafter between September 1 and December 1, an opinion of counsel, either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording, and re-filing of the Mortgage as is necessary to maintain the lien of the Mortgage, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

SECTION 6.11. *To Comply With All Provisions of Agreements and Leases* . It will punctually perform and comply with all the conditions, covenants, terms, stipulations and provisions of any and all leases, and agreements relating thereto, to which it is a party by assignment, sublease or otherwise, and which are subject to the lien of the Mortgage or to the Company's covenants herein.

SECTION 6.12. *Annual Audit*. It will annually on request of the Trustee, at its own expense, have made by a public accountant selected by the Company and satisfactory to the Trustee, an examination and audit of the accounts of the Company for the period ending on December 31st prior to such request and will furnish to the Trustee a report made by such accountant on the completion of each such examination and audit.

SECTION 6.13. *Dividends.* (a) It will not declare and pay cash dividends upon its common stock in excess of the amount of such surplus income or earnings accumulated since December 31, 1920, as may remain after deducting from the gross operating and non-operating revenues of the Company expenses and charges of the Company of the following nature: operating expenses, all expenditures for current maintenance, replacements and renewals including any amount set aside under the provisions of Section 6.08, any percentages of earnings required to be paid under the terms of any franchise, taxes, interest charges, dividends on preferred stock, including such interest and dividends as have accrued, and all similar charges lawfully entitled to priority over dividends payable to the holders of shares of the common stock of the Company.

(b) It will not, after December 31, 1966 declare or pay any dividends, or make any other distributions (except (1) dividends payable or distributions made in shares of common stock of the Company and (2) dividends or distributions payable in cash in cases where, concurrently with the payment of the dividend or distribution, an amount in cash equal to the dividend or distribution is received by the Company as a capital contribution or as the proceeds of the issue and sale of shares of its common stock), on or in respect of common stock of the Company, or purchase or otherwise acquire or permit a subsidiary to purchase or otherwise acquire for a consideration any shares of common stock of the Company, if the aggregate of such dividends, distributions and such consideration for purchase or other acquisition of shares of common stock of the Company after December 31, 1966, shall exceed

(i) the earned surplus of the Company accumulated after December 31, 1966 (determined in accordance with generally accepted accounting principles and without giving effect to charges to earned surplus on account of such dividends, distributions or acquisitions or on account of the disposition of any amounts which may then be classified by the Company on its books as amounts in excess of the original cost of utility plant or to charges or credits to earned surplus on account of items inherent in the balance sheet at December 31, 1966 or on account of transfers from earned surplus to capital surplus or capital stock accounts), plus

(ii) the earned surplus of the Company accumulated prior to January 1, 1967 in an amount not exceeding \$13,500,000, plus

(iii) such additional amount as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission, or by any successor commission thereto, under the Public Utility Holding Company Act of 1935.

For the purposes of this Section, in determining the earned surplus of the Company accumulated after December 31, 1966, there shall be deducted the dividends accruing subsequent to December 31, 1966 on preferred stock of the Company and the total amount, if any, by which the charges to income or earned surplus for the period since December 31, 1966 as provisions for depreciation of utility property shall have been less than the replacement fund requirement for the period. Further, for purposes of this Section, in determining the earned surplus of the Company accruing subsequent to December 31, 1966, no effect shall be given to (1) charges to earned surplus with respect to a distribution of the shares of The Connecticut Gas Company and/or a company to which the Company conveys all or a substantial portion of the properties used by the Company in the gas business, or (2) charges or credits to earned surplus with respect to a profit or loss realized on the sale or other disposition by the Company of (i) all or a substantial portion of the properties used by the Company in the gas business, or (ii) the shares of The Connecticut Gas Company and/or a company to which the Company conveys all or a substantial portion of the properties used by the Company in the gas business. The term "consideration", as used in this Section, shall mean cash or fair value if the consideration be other than cash, and the term "provision for depreciation", as used in this Section, shall not be deemed to include provision for the amortization of any amounts classified by the Company on its books as amounts in excess of the original cost of utility plant.

SECTION 6.14. *Sinking and Improvement Fund*. It will, as and for a sinking and improvement fund for the benefit and security of all bonds now or hereafter issued under the Mortgage, so long as any such bonds remain outstanding, deposit cash with the Trustee, on or before May 1, 1968, and on or before May 1 in each year thereafter in an amount equal to 1% of the aggregate principal amount of bonds of all series originally

issued under the Mortgage after January 1, 1967 and prior to January 1 of the year in question, after deducting from such aggregate principal amount:

(i) the principal amount of bonds of any such series all of which, prior to January 1 of the year in question, has ceased to be outstanding; and

(ii) with respect to any such series of bonds which remains outstanding in whole or part as of January 1 of the year in question, the principal amount of bonds of that series which, prior to January 1 of that year:

(a) have been deposited with the Trustee for cancellation as the basis for (i) the release of property; (ii) the withdrawal of any cash deposited with the Trustee as insurance proceeds; or (iii) the withdrawal of any cash or purchase money obligations deposited with the Trustee on the release, sale, other disposition or change of, or the taking by eminent domain or purchase by any governmental or public body, authority, agency, or licensee of, any property;

(b) have been purchased or redeemed with moneys deposited with the Trustee as insurance proceeds or on the release, sale, other disposition or change of, or the taking by eminent domain or purchase by any governmental or public body, authority, agency, or licensee of, any property; or

(c) have been pledged to secure indebtedness of the Company but have not otherwise been issued to the public.

The Company may, at its option, credit against the amount of cash required to be deposited pursuant to this Section, an amount equal to 60% (or such higher percent, not to exceed 66 2/3%, as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission or by any successor commission thereto, under the Public Utility Holding Company Act of 1935) of bondable property additions, upon the filing with the Trustee of a bondable property certificate complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57.

The Company may, at its option, also credit against the amount of cash required to be deposited pursuant to this Section the aggregate principal amount of any bonds or refundable prior lien obligations then deposited with the Trustee which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53 and which the Company elects to make the basis of a credit under this Section. If, in satisfaction of the requirements of this Section, the Company deposits with the Trustee outstanding bonds or refundable prior lien obligations which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53, it shall deliver to the Trustee the evidence, as appropriately modified, provided for in the appropriate one of said Sections, except that no certification as to the net earnings requirement of Section 3.58 shall be required. On or before May 1 of each year beginning May 1, 1968, concurrently with the delivery to the Trustee in each such year of the annual maintenance certificate, the Company shall deliver to the Trustee an officer's certificate which shall state:

(i) the aggregate principal amount of bonds of series originally issued under the Mortgage after January 1, 1967 and prior to January 1 of the year in question, less the aggregate principal amount of bonds to be deducted therefrom pursuant to the provisions of this Section 6.14;

(ii) the amount of bondable property additions which the Company then elects to make the basis of a credit under this Section 6.14; and

(iii) the aggregate principal amount of bonds or refundable prior lien obligations deposited with the Trustee which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53 and which the Company then elects to make the basis of a credit under this Section 6.14.

All moneys deposited 'by the Company with the Trustee pursuant to this Section shall be held by the Trustee as part of the trust estate until paid out as hereinafter provided, but may, upon receipt by the Trustee of an application signed by the President or a Vice-President of the Company,

(1) be used or applied as provided in Section 9.04; or

(2) be withdrawn by the Company in an amount equal to 60% (or such higher percent, not to exceed 66 2/3%, as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission or by any successor commission thereto, under the Public Utility Holding Company Act of 1935) of bondable property additions, upon receipt by the Trustee of a bondable property certificate, complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57.

SECTION 6.15. *Deposit of Prior Lien Obligations as Security.* If any property additions are subject to a prior lien at the time of their specification in a bondable property certificate, the Company will to the extent permitted by the terms of the instrument creating such prior lien, the terms of the Mortgage and applicable law and regulations cause (a) to be issued in accordance with the terms of the instrument creating such prior lien, a principal amount of prior lien obligations not theretofore issued as near as may be equal to the principal amount of additional bonds to be issued or cash to be withdrawn or credit to be given under the Mortgage against the property additions which are subject to such prior lien, and (b) such prior lien obligations to be deposited with the Trustee to be held under the provisions of Article 9 hereof, unless required to be deposited with the trustee or other holder of another prior lien upon the same property additions.

Upon the cancellation and discharge of any prior lien, or upon the release in any other way of prior lien obligations deposited with the trustee or other holder of any other prior lien, the Company will (subject to the requirements of any mortgage or other lien securing such prior lien obligations) cause any prior lien obligations held by the trustee or other holder of the prior lien so cancelled or discharged or any prior lien obligations so released in any other way to be cancelled or, at the option of the Company, to be deposited with the Trustee hereunder to be held under the provisions of Article 9, provided that such prior lien obligations may be deposited with the trustee or other holder of some other prior lien (upon the same property as that mortgaged or pledged to secure the prior lien obligations so deposited) if required by the terms thereof; and, upon the cancellation and discharge of any prior lien, it will cause any cash or securities (other than prior lien obligations) held by the trustee or other holder of such prior lien to be deposited with the Trustee hereunder (unless such cash or securities are required to be deposited with the trustee or other holder of some other prior

lien upon the same property) to be held as part of the trust estate, to be withdrawn, used or applied, in the manner, to the extent, and for the purposes and subject to the conditions of Article 8, Article 8.5 and Article 9.

Notwithstanding the foregoing, so long as Section 3.04 continues in effect, in the event of any conflict between Section 3.04 and the provisions of the second paragraph of this Section, Section 3.04 shall be controlling, and, to the extent of such conflict, the Company shall be required to comply only with Section 3.04 and not with this Section. After Section 3.04 ceases to be in effect, this Section shall be controlling also with respect to any prior lien obligations theretofore deposited under Section 3.04.

SECTION 6.16. *Annual Compliance Certificate.* It will, so long as any bonds are outstanding under the Mortgage, file with the Trustee at least once in each calendar year, beginning with the year 1945, an officer's certificate stating that in the opinion of the signers the Company at the date of such certificate and during the period from the date of the last certificate filed pursuant to the provisions of this Section (or its predecessor Section) has or has not, as the case may be, complied with the provisions of Sections 6.05, 6.07, 6.08, 6.09, 6.10, 6.11 and 6.13; in the event that such certificate states that the Company has not complied with any or all of said Sections such certificate shall recite the details of such non-compliance.

ARTICLE 7.

Consolidation, Merger and Purchase.

SECTION 7.01. *Company May Consolidate or Merge.* Nothing contained in the Mortgage shall prevent any consolidation or merger of the Company with or into any other corporation or corporations, or any conveyance, subject to the continuing lien of the Mortgage, of all of the mortgaged property to any corporation lawfully entitled to acquire and operate the same; provided, however, that such consolidation, merger, conveyance, or transfer shall be upon such terms as fully to preserve and in no respect to impair the lien and security of the Mortgage, or any of the rights or powers of the Trustee or of the bondholders hereunder; and provided, further, that upon any such consolidation, merger, conveyance or transfer the due and punctual payment of the principal and interest of all of said bonds according to their tenor, and the due and punctual performance and observance of all

of the covenants and conditions of the Mortgage to be kept or performed by the Company, shall be expressly assumed by the corporation formed by any such consolidation or into which such merger shall have been made, or acquiring by conveyance or transfer all the property subject to the Mortgage.

SECTION 7.02. *Issue of Bonds by Successor Corporation.* In case the Company, pursuant to Section 7.01, shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to the lien of the Mortgage, all the mortgaged property as an entirety, the successor corporation formed by such consolidation or into which the Company shall have been merged, or which shall have received a conveyance or transfer as aforesaid, and any successor to such consolidated or merging corporation whether by successive consolidations, mergers, or otherwise, upon executing and causing to be recorded an indenture supplemental hereto with the Trustee satisfactory to the Trustee, whereby said successor corporation shall assume and agree to pay, duly and punctually, the principal and interest of the bonds hereby secured in accordance with the provisions of said bonds and coupons and the Mortgage, and shall agree to perform and fulfill all the covenants and conditions of the Mortgage binding upon the Company, and shall agree that the property forming the security for the bonds issued under the Mortgage shall be kept distinguishable and separable from other properties and shall as a system be kept at all times in good working order, supplied with adequate equipment or with the equivalent in adequate arrangements for the supply of electric power and gas from other sources, shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the mortgagor company; and such successor corporation thereupon may cause to be signed, issued and delivered in its own name any or all of such bonds which shall not theretofore have been signed by the Company and authenticated by the Trustee, and upon the order of such successor corporation in lieu of the Company, and subject to all the terms, conditions and limitations in the Mortgage prescribed, the Trustee shall authenticate and deliver any of such bonds which shall have been previously signed and delivered by the Company to the Trustee for authentication, and any of such bonds which such successor corporation shall thereafter, in accordance with the provisions of the Mortgage, cause to be signed and delivered to the Trustee for such purpose. All the bonds so issued shall in all respects have the same legal right and security as the bonds theretofore or thereafter issued in accordance with the terms of the Mortgage as though

all of said bonds had been issued at the date of the execution hereof. In case of such consolidation or merger or conveyance and transfer such changes in phraseology and form (but not in substance) may be made in the bonds hereby secured, thereafter to be issued, as consequent upon such consolidation or merger, or conveyance and transfer, may be appropriate.

Provided, however, that as a condition precedent to the execution by the successor corporation and the authentication by the Trustee of any such additional bonds in respect of the actual cost or fair value of additional property, additions, extensions, betterments or improvements of the kind described in subdivision (1) of Section 3.05 (or in respect of property additions pursuant to Section 3.54), the supplemental indenture with the Trustee to be executed and caused to be recorded by the successor corporation as in this Article provided, shall contain a conveyance or transfer and mortgage in terms sufficient to include such additional property, additions, extensions, betterments or improvements (and such property additions); and to give to the Trustee a first lien not only thereon, but also upon any property and franchises which may be necessary in the use and operation thereof; and provided, further, that the lien created thereby shall have similar force, effect and standing as the lien of the Mortgage would have if the Company should not be consolidated with or merged into such other corporation or should not convey or transfer, subject to the Mortgage, all the mortgaged property as an entirety, as aforesaid, to the successor corporation, and should itself acquire such additional property or make such additions, extensions, betterments or improvements (and such property additions), and request the authentication and delivery of bonds under the provisions of the Mortgage in respect thereof.

The Trustee may receive as conclusive evidence and shall be fully protected in relying upon an opinion of counsel that any such supplemental indenture complies with the foregoing conditions and provisions of this Section and that such successor corporation is authorized to cause to be signed, issued and delivered in its own name any or all of such bonds, subject to all the terms, conditions and limitations in the Mortgage prescribed.

SECTION 7.03. Extent of Lien of Mortgage on Property of Successor Corporation. In case the Company, pursuant to Section 7.01, shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to the lien of the Mortgage, all the mortgaged property as an entirety, as aforesaid, neither the Mortgage nor the supplemental indenture

with the Trustee to be executed and caused to be recorded by the successor corporation as in Section 7.02 provided, shall become or be a lien upon any of the properties or franchises of the successor corporation except those acquired by it from the Company, and additional property or improvements, extensions and additions appurtenant thereto, and the additional property, permanent improvements, extensions and additions to or about the plant and property of the successor corporation or other properties made and used by it as the basis for the issue of additional bonds under the Mortgage, as herein provided, and such franchises, repairs and additional property as may be acquired by the successor corporation in pursuance of the covenants herein contained to maintain, preserve and renew the franchises covered by the Mortgage, and to keep and maintain the property covered by the Mortgage in thorough repair, working order and condition, or in pursuance of some other covenant or agreement hereof to be kept or performed by the Company and except all properties and franchises which may be acquired by the successor corporation which shall be used in direct connection with the mortgaged estates and properties.

ARTICLE 8

Possession and Release of the Property Mortgaged.

SECTION 8.01. *Effective Time of Article.* This Article 8 shall continue in effect until the Second Effective Date but not thereafter, and shall cease to be of any force or effect on the Second Effective Date.

SECTION 8.02. *Company to Retain Possession of Property Until Default.* Until default shall be made by the Company in the payment of the principal of or the interest upon the bonds issued hereunder, or any of them or some part thereof, according to the tenor and effect thereof; or until default shall be made in respect of some other act or thing in said bonds or herein required to be done, the Company shall be entitled to possess, manage, operate, use and enjoy, and be suffered and permitted to remain in the actual and undisturbed possession of all and singular the property hereby mortgaged (other than shares of stock, bonds and other securities pledged or to be pledged hereunder with the Trustee), and to receive, take and use the rents, income and profits thereof as if the Mortgage had not been made, with power in the

ordinary course of business to use and consume the supplies and deal with the contracts and chases in action, and to alter, repair, change and add to its buildings, structures and any or all of its plant and equipment, and the appliances appertaining to or used in connection with its business, constructed or owned or hereafter constructed or acquired by the Company, and conveyed or intended to be conveyed hereby to the Trustee. Until such default the Company may assent or agree to any modification of said agreements dated February 28, 1910, June 27, 1917, and July 23, 1918, referred to in the granting clause hereof and of said agreement dated April 26, 1921, between Connecticut Railway and Lighting Company, The New York, New Haven and Hartford Railroad Company and the Company referred to in the granting clause hereof.

SECTION 8.03. *Disposal Without Release.* As long as the Company shall remain in possession of the mortgaged premises and there shall be no continuing default under the Mortgage, the Company may alter, remove, sell, exchange or otherwise dispose of such materials, appliances and other movable property as may become worn out or no longer be necessary or profitable for the use of the Company; provided the Company shall immediately renew the same or substitute other property therefor which in its judgment may be of the same or greater utility or value, so that such alteration, removal or disposition will not impair the security pf the bonds issued hereunder; and the Company may also alter or remove any improvements, buildings or other structures upon or under the surface of any lands, tenements or hereditaments constituting a part of the mortgaged premises, if such alteration or removal will, in its opinion, enable it to use its property to better advantage in the judicious and most profitable operation and management of its business; provided, however, that the Company shall not in any given six months, without the consent of the Trustee, sell or dispose of such property exceeding in value fifty thousand dollars, but the Trustee shall be under no duty to make inquiry as to whether or not this condition has been observed; and the Company covenants that it will keep its system and property up to as high efficiency for practical and profitable operation in every respect as before such alteration or removal. Notwithstanding the foregoing provisions of this Section, however, the Company shall not be entitled pursuant to this Section to remove, sell, exchange or otherwise dispose of, without a release, any nuclear core elements which have become worn out or no

longer necessary or profitable for the use of the Company unless such removal, sale, exchange or other disposition would be permitted by Section 8.53(h), if Section 8.53(h) were then in effect.

SECTION 8.04. *Release on Disposition*. As long as the Company shall remain in possession of the mortgaged premises and there shall be no continuing default under the Mortgage, the Company may sell or otherwise dispose of any other of its property at any time covered directly or indirectly hereby, and the Trustee shall release such property from the lien hereof upon receipt by the Trustee of:

(1) A certified resolution requesting such release or consent;

(2) An engineer's certificate signed by the President or a Vice-President of the Company, stating in substance as follows:

(a) That the retention of such property is no longer desirable in the conduct of the business of the Company and that the security hereby afforded will not be impaired by such release or consent.

(b) That the Company has sold or exchanged or contracted to sell or exchange the property in question for a consideration representing, in the opinion of the signers, its full value to the Company, which consideration may be: (i) cash; or (ii) partly cash and partly obligations seemed by purchase money mortgage ("purchase money obligations") upon the property to be sold or exchanged; or (iii) any other property which could be made the basis for the authentication and delivery of bonds under Section 3.05, such consideration to be set out in reasonable detail in such certificate.

(3) Any money or obligations stated in said certificate to have been received in consideration for any such property or the certificate of a corporate trustee under one of the underlying mortgages stating that it has received such money or obligations; and if real estate or other property is included in the consideration received for such property, deeds or other instruments of conveyance, assignment or transfer sufficient, in the opinion of counsel hereinafter referred to, to subject the same to the lien of the Mortgage;

(4) An opinion of counsel to the effect that any obligations included in the consideration for such property are valid obligations,

and that any purchase money mortgage securing the same is sufficient to afford a lien upon the property to be sold or exchanged, that the Company has absolute title to any property included in the consideration for said sale or exchange, and that any deeds or other instruments of conveyance, assignment or transfer covering any such property are sufficient to subject the same to the lien of the Mortgage directly, free from any liens prior hereto except current taxes and undetermined liens and charges incident to construction and except underlying mortgages; or an opinion of such counsel to the effect that no instrument of conveyance, assignment or transfer is necessary to vest in the Company the consideration received for such sale or exchange, or to subject the same to the lien of the Mortgage in the manner stated.

(5) An engineer's certificate as to the fair value of any property to be released from the lien of the Mortgage, which certificate shall state that in the opinion of the signer, the proposed release will not impair the security under the Mortgage in contravention of the provisions thereof; such certificate shall be made by an independent engineer if the fair value of such property and of all other property released since the commencement of the then current calendar year, as set forth in the certificates required by this paragraph (5), is 10% or more of the aggregate principal amount of bonds at the time outstanding; but such independent engineer's certificate shall not be required in the case of any release of property, if the fair value thereof as set forth in the certificate required by this paragraph (5) is less than \$25,000 or less than 1% of the aggregate principal amount of bonds at the time outstanding.

(6) In the event the consideration for the property includes any purchase money obligations or any property which could be made the basis for the authentication and delivery of bonds under Section 3.05, a certificate or opinion of an engineer, appraiser or other expert as to the fair value to the Company of such purchase money obligations or other property; and if

(i) within six months prior to the date of acquisition thereof by the Company such property has been used or operated by a person or persons other than the Company in a business similar to that in which it has been or is to be used or operated by the Company; and

(ii) the fair value to the Company of such property as set forth in such certificate or opinion is not less than \$25,000 and not less than 1% of the aggregate principal amount of bonds at the time outstanding; or

(iii) in the case of purchase money obligations, the fair value to the Company of such obligations and of all other purchase money obligations made the basis of any release pursuant to this Article 8 since the commencement of the then current calendar year, as set forth in the certificates required by this paragraph (6), is 10% or more of the aggregate principal amount of bonds at the time outstanding;

such certificate or opinion shall be made by an independent engineer, appraiser, or other expert.

The resolutions and certificates, and the instruments and opinions hereinbefore provided for, shall be full authority to the Trustee for making any such release or giving such consent; but before making any such release or giving such consent the Trustee may, in its discretion, and shall, if requested in writing so to do by the holders of not less than a majority in principal amount of the outstanding bonds and furnished with security and indemnity satisfactory to it, cause to be made such independent investigation as it may see fit, and the expense thereof shall be paid by the Company or if paid by the Trustee shall be repaid by the Company upon demand, with interest at the rate of 6% per annum.

Any new property acquired by the Company by exchange or purchase, to take the place of any property released hereunder, shall forthwith and without further conveyance become subject to the lien of and be covered by the Mortgage; but if requested by the Trustee the Company shall convey the same to the Trustee by proper deeds upon the trusts and for the purposes of the Mortgage.

The proceeds of any property released by the Trustee shall be held and disposed of by the Trustee in the manner provided in Article 9.

SECTION 8.05. *Release Without Disposition*. As long as the Company shall remain in possession of the mortgaged premises and there shall be no continuing default under the Mortgage, the Company may without having sold or disposed of the same, procure the release of any property from the

lien hereof, and the Trustee shall release the same from the lien hereof on receipt by the Trustee of:

(1) The resolution, consideration and certificates and opinions provided for in paragraphs (1), (3), (4), (5) and (6) of Section 8.04 as in said paragraphs provided, except the consideration may be only cash and/or property which could be made the basis for the authentication and delivery of bonds under Section 305; and

(2) A certificate, signed by the persons and in the manner prescribed for the certificate in paragraph, (2) of Section 8.04, stating in substance as follows:

(a) That the retention of such property is no longer desirable in the conduct of the business of the Company and that the security hereby afforded will not be impaired by such release,

(b) That the amount of the cash and/or other property offered by the Company as consideration, for the release of said property represents, in the opinion of the signers of the certificate, the full value to the Company of the property the release of which is then requested.

Any cash received as such consideration shall be disposed of by the Trustee in the manner provided in Article 9.

SECTION 8.06. *Proceeds Deposited With Trustee of Underlying Mortgage*. If under the provisions of any underlying mortgage in case of a release of any portion of the mortgaged premises, there is required to be made with the trustees under such mortgage or deed of trust, a deposit of cash or pledge of securities received in payment for said property released, the Company shall not be required to deposit with the Trustee hereunder such cash or securities to the extent that they may be required to be deposited with the trustees under said underlying mortgages; provided that any such deposits remaining with any of said trustees, upon the discharge and cancellation of said mortgages or deeds of trust, shall be redeposited with the Trustee hereunder and shall be held subject to the lien of the Mortgage, or disposed of by the Trustee in the manner provided in Article 9.

SECTION 8.07. *Franchise Not To Be Sold; Liability of Purchasers*. In no case shall the franchise of the Company to be a corporation be granted,

sold, assigned or exchanged except as in the Mortgage provided. No purchaser, grantee, assignee or vendee of any property under the provisions of this Article 8 and no one with whom any exchange as herein authorized shall be made, shall be or be held to be liable or responsible for the proper investment, whether by the Company or by the Trustee, of the moneys or other proceeds of any such grant, assignment, sale, exchange or other proceeding hereby authorized.

SECTION 8.08. *Exercise of Powers by Receiver or Trustee*. In case the mortgaged premises or any part thereof shall be in possession of a receiver lawfully appointed, the powers in and by this Article 8 conferred upon the Company may be exercised by such receiver with the approval of the Trustee in respect to the property in the possession of such receiver, and if the Trustee shall be in possession of the mortgaged premises under any provisions of the Mortgage, then all the powers of this Article 8 conferred upon the Company may be exercised by the Trustee in its discretion.

SECTION 8.09. *Release in Case of Condemnation, etc.* Should any of the mortgaged property be taken by exercise of the power of eminent domain or should any governmental body, at any time, exercise any right which it may have to purchase any part of the mortgaged property, the Trustee shall release the property so taken or purchased, and shall be fully protected in doing so upon being furnished with an opinion of counsel to the effect that such property has been taken by exercise of the power of eminent domain, or purchased by a governmental body in the exercise of a right which it had to purchase the same. The proceeds of all property so taken or purchased, except any portion thereof which may be required by the terms of any underlying mortgage to be paid to the trustee or bondholders thereunder, shall be paid over to the Trustee, to be held and disposed of by the Trustee in the manner provided in Article 9; provided, however, that when the amount of such proceeds paid to the Trustee in any individual case exceeds 25% of the face value of the bonds then outstanding, such proceeds shall be used only as follows:

- (1) The Company shall first notify, by publication in one or more newspapers of general circulation in the Borough of Manhattan, City of New York, and in one or more such newspapers in the City of Boston, Massachusetts, and in the case of registered bondholders by
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mailing notice to their registered addresses, the holder of all bonds outstanding hereunder, that the Trustee has a certain sum (to be stated) representing the proceeds of the taking of the whole or part of the Company's property by the exercise of the power of eminent domain or through purchase by some governmental body and describing briefly the property so taken and stating that said sum, in the amount of \$1,000 or a multiple thereof, will be used in the payment to each bondholder who may so desire of a proportion of the principal of the bonds held by him equal to the proportion which the amount of said proceeds bears to the total principal amount of bonds then outstanding and that if any bondholder shall not, within six months from the date of such notice, notify the Trustee in writing of his election to accept such payment, he shall lose his right thereto and the amount of the proceeds thus available shall thereupon be divided in the manner above stated among those bondholders who shall have, within said six months' period, notified the Trustee of their election to accept such payment. Upon surrender of their bonds, in denominations of \$1 ,000 or multiples thereof, with all unmatured coupons attached for cancellation, the Trustee shall, upon the interest date next following the expiration of said six months' period, proceed to pay in the manner above stated the sum so available to such of the bondholders as shall have elected, within •said six months' period, to accept the same and who shall, on or before said interest date, have surrendered their bonds for cancellation above stated and, if the bonds so surrendered for cancellation shall be for a principal amount in excess of the sum to be so paid thereon, the Company shall deliver to such bondholders new coupon bonds with all unmatured coupons attached or registered bonds without coupons within the limitations prescribed in the Mortgage, of a principal amount equal to such excess.

(2) If at the expiration of said six months' period there shall remain any balance of said proceeds above the amount required to pay in full the principal amount, with accrued interest to the next interest date, of all bonds the holders of which have elected to accept payment thereon as aforesaid, the Trustee shall hold such balance for the Company's account and it shall, from time to time, at the Company's request, be disposed of by the Trustee in the manner provided in Article 9.

ARTICLE 8.5.

Possession, Use and Release of Property.

SECTION 8.51. *Effective Time of Article; Release on Second Effective Date.* This Article shall be of no force or effect so long as Article 8 continues in effect, but shall automatically become and be in full force and effect at such time as Article 8 ceases to be in effect.

When this Article shall become and be in full force and effect as provided above, then, unless an event of default shall have happened and be continuing, upon application by the Company and receipt of an officers' default certificate dated the date of said application, the Trustee shall execute and deliver to the Company appropriate instruments releasing, to the extent hereinbelow provided, the interest, if any, of the Trustee in all right, title and interest of the Company then owned or thereafter acquired in and to

(a) all stocks, bonds or other obligations of persons other than corporations, and all other securities, unless the same shall be deposited by the Company with the Trustee as provided in the Mortgage;

(b) all rights and claims (other than with respect to the mortgaged property), patents, patent rights and other similar rights, agreements, contracts, accounts receivable, notes and bills receivable, judgments and other evidences of indebtedness not specifically assigned to and pledged with the Trustee hereunder;

(c) electricity, gas, water, electric and gas appliances, stock in trade, materials, supplies and other products generated, manufactured, produced, purchased, or otherwise acquired for the purpose of sale and/or resale, transmission, distribution, storage or use in the usual course of business or the operation of any of the properties of the Company;

(d) coal, natural gas, timber, lumber, crops, minerals, mineral rights and other products of land owned by the Company, in each case not in the ground;

(e) office furniture and equipment, small tools and equipment and machinery of portable size, and vehicles and vessels of every sort, together with all equipment and supplies necessary to the operation and maintenance of such vehicles and vessels;

(f) all rents, tolls, earnings, profits, revenues, dividends and income then or thereafter arising from any property, other than the mortgaged property, then or thereafter owned, leased or operated by the Company;

(g) all leasehold interests, permits, licenses and similar rights, whether then owned or thereafter acquired by the Company, which are intended to be hereby conveyed, transferred or assigned and which may not be legally so conveyed, transferred or assigned, or which cannot be so conveyed, transferred or assigned without the consent of officer parties whose consent is not secured or without subjecting the Trustee to a liability not otherwise contemplated by the provisions of the Mortgage or which otherwise may not be hereby lawfully and/or effectively granted, conveyed, mortgaged, transferred and assigned by the Company;

(h) the last day of the term of each leasehold estate (oral or written, or any agreement therefor) then owned or thereafter acquired by the Company;

provided, however, that if, at the time of the release of said property from the lien of the Mortgage pursuant to this Section 8.51, the Company has theretofore issued bonds pursuant to Section 3.55 to finance an inventory of nuclear core elements for one or more of its nuclear electric generating units, none of the elements for such unit which are located at the site of such unit shall be released from the lien hereof pursuant to this Section; and, provided, further, that (i) if upon the occurrence of my event of default the Trustee or any receiver or trustee or any governmental subdivision, body or agency appointed or acting pursuant to statutory provision or order of court shall have entered into possession of the trust estate or a substantial part thereof (other than securities and cash forming a part of the trust estate), the property hereinabove thereby released from the lien hereof shall immediately become subject to the lien hereof to the extent permitted by law; (ii) whenever all events of default shall have been cured and the possession of the trust estate (other than securities and cash forming a part thereof) shall have been restored to the Company, any property of the character described in this paragraph so restored to the Company shall again be excepted and excluded from the lien of the Mortgage to the extent hereinabove set forth; and (iii) to the extent not prohibited

by any other provision of the Mortgage, nothing contained in the release herein provided for shall prevent the Company, prior to any such entry, from selling, assigning, transferring, pledging or otherwise disposing of property of the character thereby released from the lien hereof by this paragraph and in any such case the title, possession or other rights of the purchaser, assignee or transferee thereof shall be free and clear of such lien as would otherwise attach under the Mortgage in the event of such entry.

SECTION 8.52. *Possession and Use of Property.* Unless an event of default shall have happened and is continuing, the Company shall have the power in the ordinary course of business, freely and without any consent by or hindrance on the part of the Trustee or of the bondholders, to: (i) possess, use and enjoy all the property, real, personal and mixed, and appurtenances thereto and all franchises, contracts and rights conveyed by the Mortgage (other than such securities, obligations and moneys as are, or are expressly required to be, deposited with or received or collected by the Trustee); (ii) receive and use all tolls, rents, revenues, earnings, interest, dividends, royalties, issues, income and profits thereof; (iii) produce, generate, manufacture, purchase, transmit, distribute, store, sell and otherwise deal with and use electricity, gas, water, electric and gas appliances and other products; (iv) use and consume stock in trade, materials and supplies; (v) deal with chases in action (other than pledged securities), leases (including the CR&L Lease) and contracts and exercise, release or amend the rights and powers conferred upon it thereby; and (vi) alter, repair, maintain, replace, reconstruct, relocate, remove and operate any of its buildings, plants, stations, structures, transmission lines, distribution lines, pipe lines, conduits, mains, machinery, equipment, tools, dams, reservoirs and other real property and tangible personal property, except that none of such real property or tangible personal property may be relocated or removed so as to impair the lien of the Mortgage thereon unless such property is sold, abandoned or otherwise disposed of as permitted by this Section or by Section 8.53 or released by the Trustee.

SECTION 8.53. *Dispositions Without Release.* The Company may at any time and from time to time, without any release or consent by the Trustee:

(a) Sell or otherwise dispose of, free from the lien of the Mortgage, any vehicles, machinery, equipment, fixtures, apparatus, stock in trade, materials, supplies, tools and implements at any time subject to the lien hereof, which have become worn out, unserviceable, undesirable

or unnecessary for use in the conduct of its business, upon replacing the same with, or substituting for the same, other property of ;1 value (after the deduction of an amount equal to 166 2/3% of the principal amount of any indebtedness secured by prior lien thereon) at least equal to the value at that time of the property so disposed of, and which is of the nature of property subject to the lien hereof, which other property shall without further action become subject to the lien hereof; provided that a sale or disposition of nuclear core elements pursuant to this Section shall be permitted only upon compliance with the requirements of Section 8.53(h);

(b) Abandon any property, if in the opinion of the Board of Directors (i) the abandonment of such property is desirable in the proper conduct of the business and in the operation of the properties of the Company or is otherwise in the best interests of the Company, and (ii) the value and utility generally of all its properties as an entirety and the security for the bonds will not thereby be impaired;

(c) Surrender or assent to or procure the modification of any easement, right-of-way, lease, franchise, license, authority or permit which it may now or hereafter hold or under which it may now or hereafter operate, if in the opinion of counsel the Company shall have the right, under the modified easement, right-of-way, lease, franchise, license, authority or permit, or under a new easement, right-of-way, lease, franchise, license, authority or permit received in exchange in the event of any such surrender, or under some other easement, tight-of-way, lease, franchise, license, authority or permit, to conduct the same business in the same or an extended territory during the same or an extended or unlimited period of time;

(d) Surrender or assent to or procure a modification of any easement, right-of-way, lease, franchise, license, authority or permit under which it operates any of its properties which it may now or hereafter hold or under which it may now or hereafter operate, if in the opinion of the Board of Directors (i) it is no longer necessary or desirable in the proper conduct of the Company's business, or is otherwise no longer in the best inteests of the Company, to operate such properties or to comply with the terms and provisions of such easement, right-of-way, lease, franchise, license, authority or permit, and (ii) the value and utility generally of all its properties as an entirety and the security for the bonds will not thereby be impaired;

(e) Sell, surrender, release, abandon or otherwise dispose of, either with or without consideration (provided any consideration received by the Company shall, subject to the provisions of Section 8.56, be paid over to the Trustee to be held by it as part of the trust estate), any easements, rights-of-way, leases, licenses, authority or permits over private property for towers, poles, wires, cables, conduits, pipe lines or mains, or for transmission line or distribution line purposes, if such towers, poles, wires, cables, conduits, pipe lines or mains, or such transmission or distribution lines, have theretofore been sold by the Company or removed by the Company to other property in accordance with the provisions of Section 8.52 or taken by any municipality or other governmental subdivision by the exercise of a power of eminent domain or similar right or power, and if in the opinion of the Board of Directors the value and utility generally of all its properties as an entirety and the security for the bonds will not thereby be impaired;

(f) Grant to any public utility or railroad or other carrier or communication company or any electric, telephone or other cooperative association, governmental authority, municipality or other governmental subdivision, either with or without consideration (provided any consideration received by the Company shall, subject to the provisions of Section 8.56, be paid over to the Trustee to be held by it as part of the trust estate), easements, rights-of-way, leases, licenses, authority or permits, for fixed periods of time or in perpetuity, over or with respect to any of the real property constituting part of the trust estate, if in the opinion of the Board of Directors (i) the granting of such easements, rights-of-way, leases, licenses, authority or permits does not substantially impair the continued use and enjoyment by the Company of the real property over or in respect of which such easements, rights-of-way, leases, licenses, authority or permits are granted for the purpose for which such property is used by the Company, and (ii) the value and utility generally of all its properties as an entirety and the security for the bonds will not thereby be impaired; and

(g) Grant to any public utility or railroad or other carrier or communication company or any electric, telephone or other cooperative association, governmental authority, municipality or other governmental subdivision, either with or without consideration (provided any consideration received by the Company shall, subject to the provisions of Section 8.56, be paid over to the Trustee to be held by it as part of

the trust estate), easements, rights-of-way, leases, licenses, authority or permits, for fixed periods of time or in perpetuity, over or with respect to any of the real property constituting part of the trust estate, if such easements, rights-of-way, leases, licenses, authority or permits as granted by the Company (unless granted pursuant to Subdivision (f) of this Section) are for use or useful by the grantees, lessees, licensees or permittees thereof in connection with electric or gas facilities connected or to be connected with any electric or gas facilities of the Company or in connection with the transmission or distribution of electricity or gas to or from any such facilities of the Company or in connection with the transportation of materials or supplies to or from the property of the Company or in connection with the storage of materials or supplies of the Company or in connection with the provision of communication service to or for the Company, and, if in the opinion of the Board of Directors, the value and utility generally of all its properties as an entirety and the security for the bonds will not thereby be impaired.

(h) Sell, exchange or otherwise dispose of, free from the lien of the Mortgage, its interest in nuclear core elements (and, if, and so long as nuclear core elements not located at the site of a generating unit owned by the Company are excluded from the lien of the Mortgage, free its interest in particular nuclear core elements from such lien by removing the elements from the site of a generating unit owned by it), first or simultaneously substituting for the same its interest in other nuclear core elements of a value to the Company at least equal to that of the interest substituted for, which interest shall forthwith be subject to the lien of the Mortgage to the same extent as the interest substituted for; provided, however, that before any such sale, exchange, disposition or removal is effected the Company shall deliver to the Trustee an opinion of counsel stating that the Mortgage is a lien on the Company's interest in such substitute nuclear core elements, subject to no prior liens other than permitted liens; and, provided, further that if the fair value of the Company's interest in any such nuclear core elements so sold, exchanged, disposed of or removed exceeds \$25,000, the Company shall be entitled to effect the sale, exchange, disposition or removal thereof pursuant to this Section only upon the receipt by the Trustee of a certificate, dated not more than 30 days prior to the date of its receipt by the Trustee, of an engineer (who shall be an independent

engineer if either (i) the fair value of the interest to be sold, exchanged, disposed of or removed is at least \$25,000 and at least 1% of the aggregate principal amount of all bonds at the time outstanding, and the aggregate of the fair value of such interest and of any other such interests so sold, exchanged, disposed of or removed and all property released from the lien of the Mortgage since the commencement of the then current calendar year (as previously certified to the Trustee) is 10% or more of the aggregate principal amount of all bonds at the time outstanding, or (ii) the substituted nuclear core elements have, within 6 months prior to the date of acquisition thereof by the Company, been used or operated by others than the Company, in a business similar to that in which they have been or are to be used or operated by the Company) stating:

(A) the fair value at the date of the certificate, in the opinion of the signer, of the Company's interest in the nuclear core elements to be sold, exchanged, disposed of or removed;

(B) the fair value to the Company at the date of the certificate, in the opinion of the signer, of the Company's interest in that substituted nuclear core elements; and

(C) that, in the opinion of the signer, the proposed sale, exchange, disposition or removal will not impair the security under the Mortgage in contravention of the provisions hereof.

For the purpose of Subdivision (c) of this Section 8.53 and of any opinion to be rendered under it, any right of any government or governmental body or authority to terminate an easement, right-of-way, lease, franchise, license, authority or permit shall not be deemed to abridge or affect its duration.

SECTION 8.54. *Release of Property by Trustee*. From time to time and at any time the Company may sell, transfer or otherwise dispose of any property (including franchises and securities other than prior lien obligations) constituting a part, but less than substantially all, of the trust estate and, before, after or concurrently with such sale, transfer or other disposition, the Trustee shall release the same from the lien of the Mortgage but only upon receipt by the Trustee of:

(a) A certified resolution requesting such release;

(b) An engineer's certificate, dated not more than ninety days prior to the date of filing thereof with the Trustee, which shall state in substance:

(i) the signer's opinion of the fair value, as of the date of such certificate, of the property to be released, together with a description of such property in reasonable detail, but such description shall be sufficient if given as provided in (A) or (B) of Subdivision (1) of Section 3.57;

(ii) the nature of the consideration received or to be received by the Company from the sale or other disposition of the property to be released; and

(iii) that in the opinion of the signer the retention of the property to be released is no longer necessary in the conduct of the continuing business of the Company or other property acquired or to be acquired is as well suited to the needs of the continuing business of the Company as that to be released, and the proposed release will not impair the security under the Mortgage in contravention of the provisions thereof;

which certificate shall be an independent engineer's certificate if the fair value of the property (including franchises and securities) to be released and all other property (including franchises and securities) released from the lien of the Mortgage since the commencement of the then current calendar year, as set forth in the certificates previously filed pursuant to this Subdivision (b), is 10% or more of the aggregate principal amount of the bonds at the time outstanding; but such certificate shall not be required to be an independent engineer's certificate if the fair value of the property to be released, as set forth in the certificate required by this Subdivision (b), is less than \$25,000 or less than 1% of the aggregate principal amount of the bonds at the time outstanding;

(c) An amount in cash (which may be reduced as provided in Section 8.56), to be held by the Trustee as part of the trust estate, at least equal to the fair value of the property to be released, as specified in the engineer's certificate or the independent engineer's certificate provided for in Subdivision (b) of this Section;

(d) An opinion of counsel to the effect that all conditions precedent provided for in the Mortgage relating to the release of the property in question have been or will have been complied with and stating, in case the Trustee is requested to release any franchise, that such release

will not impair in any material way the right of the Company to operate any of its remaining properties; and

(e) An officers' default certificate, dated within five days of the date of filing thereof with the Trustee.

SECTION 8.55. *Eminent Domain and Other Governmental Takings*. Should all or any part of the trust estate be taken by the exercise of a power of eminent domain or similar right or power, the Trustee may accept any payment or award therefor as representing its fair value, and, at the request of the Company evidenced by a certified resolution and an officers' default certificate which shall also state that the Board of Directors has approved such payment or award, or that such award has been made by an order, judgment or decree of a court of competent jurisdiction, and that such order, judgment or decree is final and not subject to revision or appeal, shall execute and deliver a release of property so taken and shall be fully protected in so doing upon being furnished with an opinion of counsel stating that such property has been taken by the exercise of a power of eminent domain or of a similar right or power. In any such proceedings the Trustee may be represented by counsel. Cash representing proceeds of all property so taken shall be paid over to or collected by the Trustee to be held and applied as part of the trust estate; provided, however, that the amount of such cash to be paid over to or collected by the Trustee may be reduced as provided in Section 8.56.

SECTION 8.56. *Reduction of Cash Required To Be Deposited With Trustee Upon Release of Property*. The Company shall have the right, upon application to the Trustee, to reduce the amount of cash required or permitted to be deposited with or paid over to the Trustee or which may be collected by the Trustee, pursuant to any provision of this Article 8.5 by:

(a) an amount equal to 100% of bondable property additions, upon the filing with the Trustee of a bondable property certificate complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57;

(b) in the case of a taking or other disposition of property pursuant to Section 8.53, Section 8.54 or Section 8.55, the amount (less 166 2/3% of the amount of any prior lien obligations required to be specified in

the accountant's certificate provided for in paragraph (1) of this Subdivision (b)) of any property additions concurrently acquired by the Company in exchange for the property taken or otherwise disposed of, but only upon receipt by the Trustee of:

(1) an accountant's certificate, dated not more than ninety days prior to the date of filing thereof with the Trustee, stating (i) the cost of such property additions and (ii) the amount of prior lien obligations, if any, secured by prior lien on such property additions, if such obligations have not been deducted in a previous certificate filed complying with the requirements of this paragraph (1) of Subdivision (b) or of Subdivision (l) of Section 3.57; which certificate shall be an independent accountant's certificate in the event any of such property additions are of the character referred to in item (ii) of Subdivision (1) of Section 3.57;

(2) an engineer's certificate, dated not more than ninety days prior to the date of the filing thereof with the Trustee, stating the signer's opinion of the fair value of such property additions, which certificate shall be an independent engineer's certificate in the event any of such property additions are of the character referred to in item (ii) of Subdivision (1) of Section 3.57; and

(3) an opinion of counsel stating that such property additions are then, or upon due recording of the instrument conveying the same to the Company will be, subject to the direct first mortgage lien of the Mortgage, subject only to permitted liens and specified prior liens;

(c) in the case of a taking or other disposition of property pursuant to Section 8.53, Section 8.54 or Section 8.55, the amount of any obligations (herein sometimes referred to as "purchase money obligations") secured by a mortgage on the property taken or otherwise disposed of by the Company, which purchase money obligations and mortgages securing the same shall be duly assigned to the Trustee; provided, that the principal amount thereof to be credited pursuant to this Section shall not exceed, in the case of any release pursuant to Section 8.54, 60% (or such higher percent, not to exceed 66 2/3%, as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission or by any successor commission

thereto, under the Public Utility Holding Company Act of 1935) of the fair value (as certified pursuant to said Section 8.54) of the property covered by any such purchase money mortgage;

(d) in the case of a taking or other disposition pursuant to Section 8.53, Section 8.54 or Section 8.55 of property which, prior to its taking or other disposition, was subject to a prior lien, the amount of cash and/or purchase money obligations of the character described in Subdivision (c) of this Section 8.56, received as the proceeds of the taking or other disposition of the property, which has been deposited with or duly assigned to the trustee or other holder of such prior lien pursuant to the requirements thereof, as shown by the certificate of such trustee or other holder of such prior lien;

(e) in the case of a taking or other disposition pursuant to Section 8.53, Section 8.54 or Section 8.55 of property which has been taken or otherwise disposed of subject to a prior lien, the amount of the prior lien obligation secured by such prior lien, subject to which the property has been taken or otherwise disposed of, as shown in an officers' certificate, which certificate shall briefly describe or otherwise identify such prior lien and shall state that the property in question constitutes all of the property which immediately prior to such taking or other disposition was subject to such prior lien; and/or

(f) the principal amount of any bonds or refundable prior lien obligations then outstanding concurrently deposited with the Trustee which might at the time be made the basis of the authentication and delivery of bonds under Section 3.52 or Section 3.53 but only upon the filing with the Trustee of the evidence, as appropriately modified, provided for in the appropriate one of said Sections, except that no certification as to the net earning requirement of Section 3.58 shall be required.

The certification of any particular property addition to the Trustee pursuant to Subdivision (b) of this Section 8.56 shall in no way be deemed to prevent the subsequent inclusion of such property addition in a certificate filed complying with the requirements of Subdivision (1) of Section 3.57.

In case the Company elects to make application pursuant to Subdivision (c), (d) or (e) of this Section 8.56, there shall be delivered to the Trustee an opinion or opinions of counsel

(1) in case any purchase money obligation is being assigned to the Trustee or to the trustee or other holder of a prior lien pursuant to Subdivision (c) or (d) of this Section 8.56, stating that the same is a valid obligation and is duly secured by a valid purchase money mortgage constituting a direct lien upon property taken or otherwise disposed of by the Company, from and clear of all liens, charges or encumbrances prior thereto, except any prior liens, or other charges or encumbrances prior to the lien of the Mortgage, which may have existed on such property immediately prior to such taking or other disposition, and that any such purchase money obligation and mortgage have been duly assigned to the Trustee and/or to the trustee or other holder of a prior lien, as the case may be, and that the assignment of such mortgage is in recordable form and has been recorded or provision assuring prompt and due recording has been made;

(2) in case any cash or purchase money obligation shall be certified to have been deposited with or assigned to the trustee or other holder of a prior lien pursuant to Subdivision (d) of this Section 8.56, stating that the property taken or otherwise disposed of by the Company or a specified portion thereof was immediately before such taking or other disposition subject to such prior lien, and that such deposit or assignment is required by such prior lien; and

(3) in case an officers' certificate shall have been delivered to the Trustee pursuant to Subdivision (e) of this Section 8.56, stating that the property taken or otherwise disposed of was immediately before such taking or other disposition subject to the prior lien or liens stated in such certificate, and that the nature and extent of such prior lien or liens are correctly stated in such certificate.

Any purchase money obligation assigned to the Trustee pursuant to this Section 8.56, and/or the mortgage or other lien securing such obligation, may be released by the Trustee upon deposit by the Company of cash, to be received by the Trustee as part of the trust estate, in an amount equal to the unpaid principal amount of such obligation. The principal amount of any such obligation not so released shall be paid over to or collected by the Trustee when the same shall be paid or become payable and the Trustee may take any action it deems advisable to preserve the security of my mortgage or other lien securing any such obligation.

SECTION 8.57. *Purchaser Protected*. In no event shall any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Trustee to execute the release; or to inquire as to any facts required by the provisions hereof for the exercise of such authority; or to see to the application of the purchase moneys. Nor shall any purchaser in good faith of vehicles, machinery, equipment, fixtures, apparatus, stock in trade, materials, supplies, tools or implements be under obligation to ascertain or inquire into the occurrence of the event on which any such sale is hereby authorized.

SECTION 8.58. *Powers Exercisable Notwithstanding Event of Default; Powers Exercisable by Trustee or Receiver*. The Trustee shall not be required under any of the provisions of this Article to release any part of the mortgaged property from the lien hereof at any time when an event of default shall have happened and be continuing but, notwithstanding the continuance of an event of default, the Trustee may release from the lien hereof any part of the mortgaged property, upon compliance by the Company with the other conditions specified in this Article in respect thereof, if the Trustee in its discretion shall deem such release for the best interest of the bondholders. In case the trust estate shall be in the possession of one or more receivers lawfully appointed or of a trustee in bankruptcy or reorganization proceedings (including a trustee or trustees appointed under the provisions of Chapter X of an Act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, as amended) or of assignees for the benefit of creditors, the powers by this Article conferred upon the Company may be exercised by such receivers, trustees or assignees, with the approval of the Trustee, regardless of whether an event of default has happened and is continuing, and in such event a writing signed by such receivers, trustees or assignees, may be received by the Trustee in lieu of any certified resolution required by the provisions of this Article, and such receivers, trustees or assignees may make any certificate required by the provisions of this Article to be made by an officer or officers of the Company. If the Trustee hereunder shall be in possession of the trust estate under any provision of the Mortgage, then all such powers by this Article conferred upon the Company may be exercised by the Trustee in its discretion.

SECTION 8.59. *Execution of Instruments of Disclaimer by Trustee*. In case the Company proposes to transfer or otherwise dispose of or has trans-

ferred or otherwise disposed of any property of the character excepted from the lien hereof, or any property under the conditions authorized by Section 8.53, the Trustee shall, from time to time, execute such instruments of disclaimer, quitclaim, waiver, consent or confirmation as may be appropriate upon receipt by the Trustee of:

(1) A certified resolution authorizing or confirming the transfer or other disposition by the Company;

(2) An officers' certificate reciting the transfer or other disposition; describing in reasonable detail the property transferred or disposed of or to be transferred or disposed of; stating that such property is not subject to the lien hereof, or that the transfer or other disposition thereof is authorized by Section 8.53; stating that a written disclaimer, quitclaim, waiver, consent or confirmation by the Trustee is appropriate; stating, unless the property is not subject to the lien hereof, that no event of default has happened and is continuing; and requesting the execution and delivery by the Trustee of such disclaimer, quitclaim, waiver, consent or confirmation; and

(3) An opinion of counsel stating that such property is not subject to the lien hereof or required to be subjected thereto by any of the provisions hereof, or that the transfer or other disposition thereof is authorized by Section 8.53; and stating that the execution of such disclaimer, quitclaim, waiver, consent or confirmation is appropriate.

SECTION 8.60. *Company's Right to Interest on Securities Deposited With Trustee* . Unless an event of default shall have happened and be continuing, the Company shall be entitled to receive and collect all interest which may become payable on any purchase money obligations or other evidences of indebtedness or securities held as part of the trust estate, and shall be entitled to collect all cash dividends payable out of earned surplus on shares of stock held as part of the trust estate and to vote all such shares of stock.

ARTICLE 9.

Moneys, Bonds or Prior Lien Obligations Held by Trustee as Part of Trust Estate.

SECTION 9.01. *Effective Time and Application of Certain Provisions of Article*. Section 9.02 shall continue in effect until the Second Effective Date but not thereafter and shall cease to be of any force or effect on the Second Effective Date.

So long as Section 9.02 continues in effect:

(a) any moneys received by the Trustee pursuant to Article 8 as the proceeds of released property or otherwise, and any insurance proceeds which are required by Section 6.09 to be applied in accordance with this Article, shall be subject only to withdrawal in accordance with Section 9.02 or to investment in bonds or other debt obligations pursuant to the last paragraph of Section 9.10; provided that the foregoing limitation shall not be applicable to any other moneys received by the Trustee pursuant to the Mortgage; and

(b) no withdrawal may be effected under Section 9.02 unless such withdrawal is also permitted under Section 9.03(i).

So long as Article 3 continues in effect, the provisions of Section 9.03(ii) and Section 9.04 shall not be applicable to any moneys deposited with the Trustee pursuant to Article 3. After Article 3 ceases to be in effect, Section 9.03 and Section 9.04 shall be applicable to any moneys theretofore deposited with the Trustee pursuant to Article 3. So long as Section 3.04 continues in effect, the provisions of Section 9.09 shall not be applicable to prior lien obligations which (i) constitute "underlying bonds" and (ii) are deposited with the Trustee pursuant to Section 3.04, nor shall Section 9.09 be applicable to any money received with respect to such obligations, but Section 9.09 shall be applicable to all other prior lien obligations. After Section 3.04 ceases to be in effect, Section 9.09 shall be applicable also to any "underlying bonds" heretofore deposited under Section 3.04 and to any money received with respect to such obligations.

SECTION 9.02. *Certain Withdrawals Prior to Second Effective Date*. Prior to the Second Effective Date, any moneys or purchase money obligations

received by the Trustee pursuant to Article 8 as the proceeds of released property or otherwise, and any insurance proceeds which are required by Section 6.09 to be applied in accordance with this Article, shall, upon compliance with Section 9.03(i) and this Section, and upon request of the Company, evidenced by a certified resolution, be paid out by the Trustee only for the actual cost or fair value, whichever shall be less (such fair value to be determined as of a time within two months prior to the application for such payment), of additional property, additions, extensions, betterments or improvements of the kind described in subdivision (1) of Section 3.05, upon receipt by the Trustee of the documents and instruments required under paragraphs (1) , (2) and (3) of Section 3.06; provided that the basis for payment shall be the full amount of such cost or fair value instead of only 75% thereof.

SECTION 9.03. *Withdrawal of Moneys Held by Trustee*. Subject to Section 9.01, any moneys deposited with the Trustee pursuant to Article 8 or Article 8.5 and any other moneys held by the Trustee as part of the trust estate to which the provisions of this Article are expressly made applicable shall be paid over from time to time by the Trustee upon application of the Company to or upon the order of the Treasurer or an Assistant Treasurer of the Company (i) in an amount equal to 100% of bondable property additions but only upon the filing with the Trustee of a certificate complying with the requirements of Subdivision (1) of Section 3.57, accompanied by the evidence provided for in Section 3.57, or (ii) in an amount equal to the principal amount of bonds or refundable prior lien obligations concurrently deposited with the Trustee which might at the time be made the basis for the authentication and delivery of bonds under Section 3.52 or Section 3.53 but only upon the filing with the Trustee of the evidence, as appropriately modified, provided for in the appropriate one of said Sections, except that no certification as to the net earnings requirement of Section 3.58 shall be required.

SECTION 9.04. *Purchase or Redemption of Bonds*. Subject to Section 9.01, any moneys held by the Trustee as part of the trust estate (other than moneys deposited in a sinking or improvement fund for the benefit of a particular series of bonds) shall, at the election and in accordance with the request of the Company, evidenced by a certified resolution, (i) be applied by the Trustee from time to time to the purchase of outstanding bonds in the manner provided in Section 9.05 or (ii) be applied by the Trustee to

the payment at maturity of any bonds issued and outstanding under the Mortgage or (iii) be applied by the Trustee in reduction of the amount then required to be deposited by the Company with the Trustee in connection with the redemption of bonds issued and outstanding under the Mortgage.

SECTION 9.05. *Manner of Purchasing Bonds*. Subject to Section 9.01, when requested by the Company under Section 9.04, the Trustee shall make purchases of bonds out of the moneys referred to in Section 9.04 and Section 9.06 in such manner as it may deem proper but shall not purchase bonds at a price or prices (including accrued interest but not including brokerage charges) exceeding the lowest redemption price of the bonds to be purchased applicable at the time to a redemption at the option of the Company, plus accrued interest up to, but not including, the day of purchase, or, in the case of bonds, if any, which are not then subject to redemption, at a price or prices (including accrued interest but not including brokerage charges) exceeding the principal amount thereof, plus accrued interest up to, but not including, the day of purchase.

SECTION 9.06. *Trustee's Expenses; Accrued Interest*. All expenses incurred by the Trustee or the Company in connection with any purchase of bonds pursuant to the provisions of this Article shall be paid by the Company out of its general funds, and the Company agrees to reimburse the Trustee on demand for any funds disbursed by it for any such purpose. In addition, upon any such purchase the Company shall pay to the Trustee all interest up to, but not including, the day of purchase on all bonds so purchased, together with the amount by which the aggregate purchase price (excluding interest) paid by the Trustee exceeds the aggregate principal amount of bonds purchased. If required by the Trustee, the funds necessary for the payment of such expenses, accrued interest and any excess of the purchase price over the principal amount shall be paid by the Company in anticipation of such disbursements by the Trustee.

SECTION 9.07. *Release of All or Substantially All of Company's Properties from Lien of Mortgage*. In case all or substantially all of the properties of the Company (other than securities, obligations and cash held by the Trustee) shall have been released from the lien hereof, no payment shall be made to the Company by the Trustee pursuant to the provisions of this Article until all the bonds outstanding (other than bonds held by the Company) shall have been paid, redeemed or otherwise retired.

SECTION 9.08. *Cancellation and Further Use of Certain Deposited or Purchased Bonds*. Except to the extent that other provision is made therefor in Article 3 or Section 6.06, all bonds deposited with, or purchased by, the Trustee pursuant to Article 3, Article 3.5, Section 6.14, Article 8.5 or this Article, shall be accompanied by all unmatured coupons thereto appertaining, shall be cancelled forthwith upon the receipt thereof by the Trustee, and shall not thereafter be used for any purpose under the Mortgage.

SECTION 9.09. *Deposited Prior Lien Obligations*. The provisions of this Section are subject to the limitation expressed in Section 9.01.

All prior lien obligations deposited with the Trustee pursuant to any provision of the Mortgage shall be accompanied by all unmatured coupons thereto appertaining, or shall be accompanied by evidence satisfactory to the Trustee (which may be a certificate of the trustee or other holder of the prior lien securing the same) that the discharge of the lien securing such prior lien obligations may be obtained without the production of any coupon or coupons that may be missing; and each prior lien obligation so deposited shall be uncanceled. Each prior lien obligation deposited hereunder shall be in bearer form or accompanied by appropriate instruments of transfer; and the Trustee may cause any or all registered prior lien obligations to be registered in its name as Trustee, or otherwise, or in the name or names of its nominee or nominees. All prior lien obligations deposited with the Trustee pursuant to Article 3, Article 3.5, Section 6.14, Section 6.15, Article 8.5 or this Article shall not thereafter be used for any purpose under the Mortgage, except as provided in this Section.

All prior lien obligations received by the Trustee shall be held by the Trustee as part of the trust estate and without impairment of the obligation represented thereby or the lien thereof for the protection and further security of the bonds. Unless an event of default shall have happened and is continuing, no payment by way of interest or otherwise on any of the prior lien obligations held by the Trustee shall be made or demanded and the coupons thereto appertaining as they mature shall be cancelled by the Trustee and delivered so cancelled to the Company, unless the Company shall direct with respect to any of such prior lien obligations, to have such payments made and demanded, in which event the Company shall, subject to the provisions hereinafter in this Section contained, be entitled to receive all such payments. In any event, except during the continuance of an event of default, all moneys received by the Trustee (a) on account of the principal of or interest or pre-

mium on said prior lien obligations, or (b) by reason of the sale or delivery of any of said obligations to a sinking fund or other similar device for the retirement of prior lien obligations shall be paid over by the Trustee to or upon the written order of the Company; provided that any such moneys which represent the proceeds of insurance on, or of the release of, or of the taking by eminent domain or purchase of, or other disposition or change of, mortgaged utility property, including the proceeds of and substitutes for any thereof, shall be retained by the Trustee and held as part of the trust estate, and may be withdrawn, used or applied as provided in Section 9.03 or Section 9.04. The Company shall deliver to the Trustee an officers' certificate in connection with each payment requested to be made to or upon the order of the Company pursuant to the preceding sentence which shall show whether any of the moneys to be paid over are required to be retained by the Trustee.

Unless an event of default shall have happened and is continuing, the Trustee, if so directed by the Company, shall cause any prior lien obligations held by it to be cancelled, and the obligation thereby evidenced to be satisfied and discharged, upon the receipt by it of (A) notice from the trustee or other holder of the lien securing the same that such trustee or other holder, on receipt of the prior lien obligations so held by the Trustee; will cause the lien securing the same to be satisfied and discharged of record, and (B) an opinion of counsel to the effect that there is no outstanding lien (other than permitted liens) covering any part of the property upon which such lien exists junior to such lien and senior to the lien of the Mortgage. Further, so long as no such event of default shall have happened and is continuing, the Trustee shall, at the Company's request, sell or surrender any prior lien obligations held by it subject to this Section 9.09 to the trustee or other holder of the prior lien securing the same for cancellation, or to be held uncanceled for the purposes of any sinking fund or other similar device for the retirement of the prior lien obligations so sold or surrendered, provided, however, that no such prior lien obligations shall be sold or surrendered except for cancellation as aforesaid, until the Trustee shall have received an opinion of counsel to the effect that the provisions of the prior lien securing the prior lien obligations so to be sold or surrendered are such that no transfer of ownership or possession of such prior lien obligations by the trustee or other holder of such prior lien is permissible thereunder except to the Trustee hereunder, to be held subject to the provisions of this Section 9.09, or to the trustee or other holder of a prior lien upon the same property, for cancellation or to be held uncanceled under the terms of such prior lien under like conditions.

If all the property subject to the prior lien securing any prior lien obligations deposited with the Trustee shall be released from the lien of the Mortgage, such prior lien obligations shall be at the Company's request, be cancelled or surrendered to the Company.

If an event of default shall have happened and is continuing, the Trustee may (a) exercise in its absolute discretion, without the consent of the Company, any and all rights of a bondholder with respect to the prior lien obligations then held by the Trustee or (b) take any other action which shall in its judgment be desirable or necessary to avail of the security created for such prior lien obligations by the prior liens securing the same; and it may, in its discretion, take any such action when no such event of default exists, with the written consent of, or at the request of, the Company. The Trustee shall be reimbursed from the trust estate for all expenses by it properly incurred by reason of any such action taken without negligence or bad faith with interest upon all such expenditures at the rate of 6% per annum; and the amount of such: expenses and interest shall, until repaid, constitute a lien upon the mortgaged property prior to the lien of the bonds and coupons.

SECTION 9.10. *Investment of Moneys.* Subject to the restrictions specified in the last paragraph of this Section, any moneys held by the Trustee as a part of the trust estate may, at the request of the Company evidenced by a certified resolution, be invested or reinvested by the Trustee in any of the investments now or hereafter authorized by the laws of the State of Connecticut or the Commonwealth of Massachusetts or the State of New York pertaining to the investment by savings banks of funds held by them. Until an event of default shall have happened and is continuing, any income on such investments which may be received by the Trustee shall be forthwith paid to the Company less, however, any accrued interest or dividends paid by the Trustee at the time of purchase. The securities representing such investments shall be held by the Trustee as part of the trust estate; but, upon a like request of the Company, or at any time when the Trustee deems the continued holding thereof to be prejudicial to the interests of the bondholders, the Trustee shall sell all or any designated part of the same and the proceeds of such sale shall be held by the Trustee in like manner and subject to the same conditions as the cash used by it to purchase the securities so sold. In case the net proceeds (exclusive of interest or dividends) realized upon any sale shall amount to more than the amount invested by the Trustee in the purchase of the securities so sold, the Trustee shall, unless an event of default has occurred

and is continuing, pay the excess over to the Company. In case the net proceeds (exclusive of interest or dividends) realized upon any sale shall amount to less than the amount invested by the Trustee in the purchase of securities so sold, 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 amounts so paid shall be held by the Trustee in like manner and subject to the same conditions as the proceeds realized upon such sale.

Whenever the Company, upon any application for which provision is made in the Mortgage in respect to the withdrawal of cash held by the Trustee, shall become entitled to the payment to it by the Trustee of any moneys theretofore deposited with or then held by the Trustee under the Mortgage, the Company shall accept securities held by the Trustee as part of the trust estate pursuant to this Section, to the extent that such securities shall be tendered to it by the Trustee in lieu of cash; and such securities shall be accepted in lieu of such cash, at the cost thereof to the trust estate.

Notwithstanding the foregoing provisions of this Section, until the Second Effective Date, any moneys received by the Trustee pursuant to Article 8 as the proceeds of released property or otherwise and any insurance proceeds received by the Trustee pursuant to Section 6.09, may be invested and reinvested only as provided in this paragraph. Upon the request of the Company, the Trustee shall invest such moneys, or any part thereof, in the purchase, on the best terms obtainable, but not exceeding the price at which bonds can then be called for sinking fund purposes or the then current redemption price, of outstanding bonds of any series hereby secured, and upon such purchase shall cancel such bonds and all coupons thereto attached and deliver them to the Company, or may so invest such cash proceeds, or any part thereof, in underlying bonds or in other debt obligations approved by the Company, which shall be at the time legal investments for savings banks in the State of New York, and shall hold such debt obligations so purchased, subject to be sold with the consent of the Company from time to time and their proceeds paid out or invested in the manner provided in this paragraph or in Section 9.02. Any income collected on such debt obligations so purchased shall from time to time, as long as there shall be no default hereunder, be paid to the Company on demand by it. This paragraph shall cease to be of any force or effect on the Second Effective Date.

SECTION 9.11. *Powers Exercisable Notwithstanding Event of Default; Powers Exercisable by Trustee or Receiver* . Except as otherwise expressly

permitted by this Section, no cash held by the Trustee as a part of the trust estate shall be paid over to or upon the order of the Company or applied to the purchase, payment or redemption of bonds pursuant to this Article, if an event of default shall have happened and be continuing; and the Company shall furnish to the Trustee an officers' default certificate in connection with each application by the Company pursuant to Section 9.03 or Section 9.04 and each request by the Company for purchase of debt obligations pursuant to the last paragraph of Section 9.10. In case the trust estate shall be in the possession of one or more lawfully appointed or of a trustee or trustees in bankruptcy or reorganization proceedings (including a trustee or trustees appointed under the provisions of Chapter X of an Act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, as amended) or of assignees for the benefit of creditors, the powers by this Article conferred upon the Company may be exercised by such receivers, trustees or assignees, with the approval of the Trustee, if an event of default shall have happened and be continuing, and in such event a writing signed by such receivers, trustees or assignees may be received by the Trustee in lieu of any certified resolution required by the provisions of this Article, and such receivers, trustees or assignees may make any certificate required by this Article to be made by an officer or officers of the Company. If the Trustee hereunder shall be in possession of the trust estate under any provision of the Mortgage, then all such powers by this Article conferred upon the Company may be exercised by the Trustee in its discretion.

ARTICLE 10.

Remedies of the Trustee and Bondholders.

SECTION 10.01. Extended Interest Claims. In case any coupon or claim for interest on any of the bonds hereby secured shall have been funded or extended by or with the consent of the Company, such coupon or claim for interest so funded or extended shall not be entitled, in case of default hereunder, to the benefit or security of the Mortgage, except subject to the prior payment in full of the principal of all of said bonds that shall be outstanding and of all coupons and claims for interest thereon that shall not have been so funded or extended. If any coupons or claims for interest on any of said bonds at or after maturity shall be owned by the Company, then such matured coupons or claims for interest shall not be entitled to the benefit or security of the Mortgage, and the Company covenants that all

such coupons and claims for interest so owned by it at or after their maturity shall promptly be cancelled.

SECTION 10.02. *Events of Default*. If one or more of the following events herein called "events of default" shall happen, that is to say:

(a) default shall be made in payment of any installment of interest on any bond or bonds issued hereunder when and as the same shall become payable as therein and herein expressed and such default shall continue for the period of ninety days; or

(b) default shall be made in the payment of the principal of any bond or bonds issued hereunder when the same shall become due and payable either by the terms thereof or otherwise as herein, provided; or

(c) default shall be made in the observance or performance of any other of the covenants and conditions on the part of the Company in the bonds hereby secured or in the Mortgage contained and such default shall continue for the period of ninety days after written notice specifying such default shall have been given to the Company by the Trustee, which notice may be given by the Trustee in its discretion and shall be given on the written request of the holders of at least a majority in principal amount of the bonds hereby secured at the time outstanding; or such notice may be given by the holders of at least 25% in principal amount of the bonds hereby secured at the time outstanding; or

(d) default shall be made in the payment of the interest on any underlying bond (or refundable prior lien obligation) and such default shall continue for the period of ninety days, or the Company shall fail at the maturity, whether by declaration or otherwise, of such underlying bonds (or refundable prior lien obligations) and on presentation thereof in accordance with the terms thereof, to pay said underlying bonds (or refundable prior lien obligations) or to cause them to be taken up and delivered to the Trustee to be held under the Mortgage, or default shall be made in the performance of any covenant contained in any underlying mortgage (or any prior lien securing refundable prior lien obligations), and by reason of such default any right of entry or right of action for the enforcement of the security afforded thereby shall accrue; or

(e) a decree by a court having jurisdiction of the premises shall have been entered adjudging the Company a bankrupt and such decree

shall have continued undischarged and unstayed for a period of ninety days; or an order of a court having jurisdiction in the premises for the appointment of a receiver of the property of the Company, or for the winding up or liquidation of its business or affairs, shall have been entered and such order shall have remained in force undischarged and unstayed for a period of ninety days; or the Company shall institute proceedings to be adjudicated a voluntary bankrupt or shall make an assignment for the benefit of creditors;

then and in each and every such case the Trustee personally or by its agents or attorneys may enter into and upon all or any part of the trust estate, and may exclude the Company, its agents and servants wholly therefrom, and having and holding the same, may use, operate, manage and control the trust estate or any part thereof, and conduct the business thereof, either personally, or by its superintendent, managers, receivers, agents and servants or attorneys, to the best advantage of the holders of the bonds hereby secured, and upon every such entry the Trustee, at the expense of the trust estate, from time to time may make all necessary or proper repairs, renewals, replacements and useful or required alterations, additions, betterments and improvements to and on the trust estate as to it may seem judicious, and may pay and satisfy all liens and charges thereon prior to the lien of the Mortgage, and may insure and keep insured any property subject to the lien of the Mortgage, and in such case the Trustee shall have the right to manage the trust estate and to carry on the business and exercise all rights and powers of the Company, either in the name of the Company, or otherwise, as the Trustee shall deem best; and it shall be entitled to collect and receive all earnings, income, rents, issues and profits of the same and every part thereof. After deducting the expenses of operating said trust estate and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments, improvements and all payments which it may be required or may elect to make for taxes, assessments, insurance or prior or other proper charges on said trust estate, or any part thereof, as well as just and reasonable compensation for its own services, and for all agents, clerks and other employees, and for all attorneys and counsel by it properly engaged and employed, it shall apply the moneys arising as aforesaid as follows:

(1) In case the principal of any of the bonds hereby secured shall not have become due and be unpaid, to the payment of the interest in

default, in the order of the maturity of the installments of such interest, with interest thereon at the same rate as is borne by the bonds upon which such interest is due; such payments to be made ratably to the persons entitled thereto without discrimination or preference.

(2) In case the principal of any of the bonds hereby secured shall not have become due and be unpaid, to the making of any sinking fund payments due upon any series of bonds secured hereby, such payments to be made ratably to the persons entitled thereto without discrimination or preference.

(3) In case the principal of any of the bonds hereby secured shall have become due, by declaration or otherwise, and shall be unpaid, first to the payment of the accrued interest upon all bonds outstanding hereunder, with interest on the overdue installments thereon at the same rate as is borne by the bonds on which such interest is due, in the order of the maturity of the installments of such interest, such payments to be made ratably to the persons entitled to such payments without any discrimination or preference: and then to the making of any sinking fund payments of any series of bonds secured hereby then due and to the payment of any principal then due of bonds secured hereby, such payments of sinking fund and principal to be made ratably to the persons entitled to such payments without any discrimination or preference.

These provisions are, however, subject to the provisions of Section 10.01.

Upon payment in full of whatever may be due for principal or interest, or both, as the case may be, and the expenses of the Trustee, and in case all other defaults have been made good and secured to the satisfaction of the Trustee, possession of the mortgaged property shall be returned to the Company or to whomsoever shall be entitled thereto.

SECTION 10.03. *Acceleration, Restoration of Parties to Former Position.* In case one or more of the events of default shall happen and shall be continuing, then during the continuance of such default, the Trustee may, and upon the written request of the holders of not less than a majority in principal amount of the bonds hereby secured then outstanding shall, or the holders of least 25% in principal amount of the bonds hereby secured then outstanding may, by notice in writing delivered to the Company, declare the

principal of all bonds hereby secured then outstanding to be due and payable immediately, anything in the Mortgage or in said bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of said bonds shall have been so declared due and payable all arrears of interest upon all such bonds with interest on overdue installments of interest at the same rate or rates as the bonds upon which such interest is in default bear, and the principal of any bonds which shall have become due by their terms, and the expenses of the Trustee, shall either be paid by the Company, or be collected out of the trust estate before any sale of the trust estate shall have been made, and all other defaults made good or secured to the satisfaction of the Trustee, then and in every such case the holders of a majority in principal amount of the bonds hereby secured then outstanding, by written notice to the Company and to the Trustee, may waive such default and its consequences; but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereto.

In case the Trustee shall have proceeded to enforce any right under the Mortgage by foreclosure, entry or otherwise and such proceedings shall have been discontinued or abandoned because of such waiver or for any other 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 position and rights hereunder in respect of the trust estate, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

SECTION 10.04. *Sale of Property; Other Remedies.* If one or more of the events of default shall happen and shall be continuing, the Trustee may, and upon the written request of the holders of not less than a majority in principal amount of the bonds hereby secured, and upon being indemnified as hereinafter provided, shall, with or without entry, personally or by attorney, in its discretion, sell to the highest bidder all and singular the trust estate, property and premises, rights, franchises and interest and appurtenances and either real and personal property of every kind, and all right, title, interest, claim and demand therein, and right of redemption thereof, in one lot and as an entirety, unless a sale in parcels shall have been requested by the holders of a majority in principal amount of the bonds hereby secured, then outstanding, in which case the sale shall be made in such parcels as shall be specified in such request, or unless such sale as an entirety is impracticable by reason of

some statute or some other cause, which sale or sales shall be made at public auction, at such place as the Trustee may specify, or at such other place as may be required by law, at such time and upon such terms as the Trustee may fix and briefly specify in the notice of sale to be given as herein provided; or proceed to protect and enforce its rights and the rights of the holders of bonds secured by the Mortgage, by a suit or suits at law or in equity, whether for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of the Mortgage, or for the enforcement of any other proper legal or equitable remedy, as the Trustee, being advised by counsel shall deem most expedient in the interests of the holders of the bonds hereby secured. In case the Trustee shall proceed by suit or suits at law or in equity for the foreclosure of the Mortgage, as above provided, the said Trustee shall be entitled to have the mortgaged property, rights and franchises, of every description hereby mortgaged or intended so to be, sold at judicial sale under the order of any court or courts of competent jurisdiction, for or toward the satisfaction of the principal or interest, or both, due and owing to the holders of the bonds and coupons then outstanding, issued under or entitled to the benefits of the security of the Mortgage, and for the enforcement of the rights, liens and securities of the Trustee and the holders of such bonds and coupons, and shall be entitled, pending any such suit or proceeding, to a receivership of all the property, rights and franchises subject to the lien hereof, and all the tolls, earnings, revenues, issues, profits and income thereof.

Upon the happening of one or more of the events of default and the commencement thereafter of judicial proceedings to enforce any legal or equitable remedy under the Mortgage, all moneys held by the Trustee hereunder, except sinking fund moneys, shall be deemed to be held without distinction as between any of the series of bonds outstanding hereunder, for the sole purpose of paying the principal of and interest upon the bonds secured by the Mortgage, and upon any sale, whether under the power of sale herein contained or pursuant to judicial proceedings, shall be applied as provided in Section 10.09.

SECTION 10.05. *Notice of Sale.* Notice of any such sale pursuant to any provisions of the Mortgage, shall state the time when, and the place where, the same is to be made, and shall contain a brief general description of the property to be sold, and shall be sufficiently given if published once in each

week for four successive weeks prior to such sale, in a newspaper published in the Borough of Manhattan, City of New York, and in a newspaper published in the county in which the sale is to be made and in such other manner as may be required by law.

SECTION 10.06. *Adjournment of Sale.* From time to time the Trustee may adjourn any sale to be made by it under the provisions of the Mortgage, by announcement at the time and place appointed for such sale, or for such adjourned sale or sales; and without further notice or publication, the Trustee may make such sale at the time and place to which the same shall be so adjourned.

SECTION 10.07. *Trustee's Deed; Effect of Sale.* Upon the completion of any sale or sales under the Mortgage, the Trustee shall execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds of conveyance of the property and franchises sold; and the Trustee and its successors are hereby appointed the true and lawful attorney or attorneys, irrevocable, of the Company, in its name and stead, to make all necessary deeds and conveyances of the property thus sold; and for that purpose it and they may execute all necessary deeds and instruments of assignment and transfer, the Company hereby ratifying and confirming all that its said attorney or attorneys shall lawfully do by virtue hereof. Nevertheless, the Company shall, if so requested by the Trustee, ratify such sale by executing and delivering to the Trustee or to such purchaser or purchasers as may be designated in such request, any such instruments as, in the judgment of the Trustee, may be advisable.

Any such sale or sales made under or by virtue of the Mortgage, whether under the power of sale herein granted, or pursuant to judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company, in and to the premises and property so sold, and shall be a perpetual bar both at law and in equity against the Company, its successors and assigns, and against any and all persons claiming or to claim the premises and property sold, or any part thereof, from, through or under the Company, its successors or assigns.

The receipt of the Trustee or of the court officer conducting any such sale shall be full and sufficient discharge to any purchaser of the property or any part thereof sold as aforesaid for the purchase money; and no such pur-

chaser or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of the Mortgage, or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such purchase money or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 10.08. *All Bonds to Become Due on Sale.* In case of any such sale, whether made under the power of sale hereby granted or pursuant to judicial proceedings, the whole of the principal sums of the bonds hereby secured, if not previously due, shall at once become due and payable, anything in said bonds or in the Mortgage to the contrary notwithstanding.

SECTION 10.09. *Application of Proceeds of Sale.* The purchase money, proceeds and avails of any such sale, whether made under the power of sale hereby granted or pursuant to judicial proceedings, together with any other sums which then may be held by the Trustees as part of the trust estate, except sinking fund moneys, shall be applied as follows:

First, to the payment of the costs and expenses of such sale, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and all expenses, liabilities and advances made or incurred by the Trustee without negligence or bad faith in managing and maintaining the property constituting the trust estate, and to the payment of all taxes, assessments or liens prior to the lien of the Mortgage, except any taxes, assessments or other superior liens subject to which said sale shall have been made.

Second, to the payment of the whole amount then owing or unpaid upon the bonds and coupons hereby secured for principal and interest, with interest on the principal and the overdue installments of interest at the same rate or rates respectively as were borne by the respective bonds; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said bonds, then to the payment of such principal and interest, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and the accrued and unpaid interest, subject,

however, to the provisions of Section 10.01. Such payments shall be made on the date fixed therefor by the Trustee, upon presentation of the several bonds and coupons and stamping thereon the amount paid, if such bonds and coupons be only partly paid, and upon surrender thereof if fully paid.

Third, the payment over of the surplus, if any, to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

SECTION 10.10. *Purchaser May Use Bonds and Coupons in Payment.* Upon any sale as aforesaid, any purchaser, for the purpose of making settlement or payment for the property purchased, shall be entitled to use and apply any bonds issued hereunder and then outstanding, and any matured and unpaid interest obligations thereon, by presenting the same so that there may be credited, as paid thereon, the sums payable out of the net proceeds of such sale to the holders of such bonds and such interest obligations, as his ratable share of such net proceeds, after allowing for the proportion of the total purchase price required to pay the costs and expenses of the sale, compensations and other charges; and thereupon such purchaser shall be credited on account of such purchase price payable by him, with the portion of such net proceeds that shall be applicable to the payment of, and that shall have been credited upon, the bonds and interest obligations so turned in, and at any such sale the Trustee or any bondholders may bid for and purchase such property, may make payment on account thereof as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 10.11. *Waiver of Stay or Extension Laws.* The Company will not at any time insist upon or plead, or in any manner whatever claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force; nor will it claim, fake or insist on any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisement of the property hereby mortgaged or conveyed or pledged, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained or to the decree of any court of competent jurisdiction; nor after any such sale or sales will it claim or exercise any right conferred by any statute to redeem the property so sold, or any

part thereof, nor will it after such sale, if at the time of such sale it shall be in possession of the property so sold, claim or exercise any right under any law whatever to retain possession thereof, or to collect, receive or have the benefit of any rent, issues or profits thereof, for or during any subsequent period of redemption provided for by any law; and it hereby expressly waives all benefit and advantage of such law or laws and covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but that it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

SECTION 10.12. *Payment of Principal and Interest; Judgment.* The Company covenants that (1) in case default shall be made in the payment of any interest on any bond or bonds at any time outstanding and secured by the Mortgage, and such default shall have continued for the period of ninety days, or (2) in case default shall be made in the payment of the principal of any such bond or bonds when the same shall become payable, whether upon the maturity of said bonds, or upon declaration or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the bonds and coupons hereby secured, then outstanding, the whole amount that then shall have become due and payable on all such bonds and coupons then outstanding, for interest or principal, or both, as the case may be, with interest upon the overdue principal and installments of interest at the same rates respectively as were borne by the respective bonds whereof the principal or installments of interest shall be overdue; and in case the Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as the trustee of an express trust, shall be entitled to recover judgment against the Company for the whole amount so due and unpaid.

The Trustee shall be entitled to recover judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the lien of the Mortgage, and the right of the Trustee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of the Mortgage or the foreclosure of the lien hereof; and in case of a sale of the mortgaged or pledged property or any part thereof, 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 of the bonds and coupons then outstanding hereunder for the

benefit of the holders thereof, and shall be entitled to due for and recovery judgment for any portion of the said debt remaining unpaid, with interest: No recovery of any such judgment by the Trustee, and no levy of any execution upon property subject to the lien of the Mortgage, or upon any other property, shall in any manner, or to any extent, affect the lien of the Mortgage upon the property, or any part thereof, subject to the Mortgage, or any lien, rights, powers or remedies of the Trustee hereunder, or any liens rights, powers or remedies of the holders of the bonds, but such lien, rights, power and remedies shall continue unimpaired as before.

Any moneys thus collected by the Trustee under this Section shall be applied by the Trustee, first, to the payment of the expenses, disbursements and compensation of the Trustee, its agents and attorneys, and, second, toward the payment of the amounts then due and unpaid upon such bonds and coupons, in respect of or for the benefit of which such moneys shall have been collected ratably, and without any preference or priority of any kind, except as provided in Section 10.01, according to the amounts due and payable upon such bonds and coupons, respectively, at the date fixed by the Trustee for the distribution of such moneys, upon presentation of the several bonds and coupons and stamping thereon such payment, if only partially paid, and upon surrender thereof, if fully paid.

SECTION 10.13. *Trustee Entitled to Right of Entry and Appointment of Receiver.* Upon filing a bill in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Mortgage, the Trustee shall be entitled to exercise the right of entry, and also any and all rights and powers herein conferred and provided to be exercised by the Trustee upon the occurrence and continuance of any default as hereinbefore provided in Section 10.02; and as a matter of right, the Trustee shall be entitled to the appointment of a receiver of the premises hereby mortgaged, and of the earnings, revenue, rents, issues, profits and other income thereof and therefrom, with all such powers as the court or courts making such appointment shall confer.

SECTION 10.14. *When Bondholders May Sue Hereunder.* No holder of any bond or coupon issued hereunder shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of the Mortgage, or for the appointment of a receiver, or for the execution of any trust hereunder, or for any other remedy hereunder, unless the holders of not less

than 25% in principal amount of the bonds hereby secured and then outstanding shall have requested the Trustee in writing to take action in respect of the matter complained of, and shall have afforded to it a reasonable opportunity to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; nor unless the Trustee shall have refused or neglected to act on such notice, request and indemnity, 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 the Mortgage and to any action or causes 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 bonds and coupons shall have any right, in any manner whatever, by his or their action, to affect, disturb or prejudice the lien of the Mortgage, 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 all holders of such outstanding bonds and coupons.

Any rights of action under the Mortgage may be enforced by the Trustee without the possession of any of the bonds or coupons hereby secured or the production thereof on the trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its own name, and any recovery of judgment shall be for the ratable benefit of the holders of said bonds and coupons.

SECTION 10.15. *Remedies Are Cumulative.* Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustee or to the holders of bonds issued hereunder is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

SECTION 10.16. *No Right Impaired by Delay.* No delay or omission of the Trustee, or of any holder of bonds issued hereunder, to exercise any right or power accruing upon any default continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by

this Article 10 to the Trustee or to Ute bondholders, subject to the provisions of Section 10.14, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the bondholders.

SECTION 10.17. *Trustee May Institute Suits to Prevent Impairment of Lien*. The Trustee shall have power to institute and to maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security hereunder by any acts of the Company, or of others, in violation of the Mortgage, or unlawful or as the Trustee may be advised shall be necessary or expedient to preserve and to protect its interests and the interests of the bondholders in respect of the property subject to the Mortgage, and in respect of the income, earnings, issues and profits arising therefrom; including power to institute and to maintain suits or proceedings to restrain the enforcement of, or compliance with, or the observance of, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, compliance with or observance of such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the bondholders or of the Trustee.

SECTION 10.18. *Filing of Claims by Trustee*. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the bondholders allowed in any judicial proceedings relative to the Company or any other obligor upon the bonds, or the creditors thereof or the property thereof.

SECTION 10.19. *No Recourse Against Stockholders, Officers, etc.* No recourse under or upon any obligation, covenant or agreement contained in the Mortgage or under or upon any indebtedness hereby secured or because of the creation thereof, shall be had against any incorporator, stockholder, officer or director of the Company or of any successor corporation, directly or through the Company or through a receiver or a trustee in bankruptcy, by the enforcement of any assessment or penalty, or by any legal or equitable proceedings, by virtue of any constitution, rule of law or otherwise; it being expressly agreed and understood that the Mortgage and all the bonds and obligations hereby secured are solely corporate obligations, and that no personal liability whatever does, or shall attach to or be incurred by the incorporators, stockholders, officers or directors 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 the Mortgage or in any of the bonds or coupons hereby secured, or implied therefrom; and any and all personal liability of every name and nature, either at common law or in equity, or created by statute or constitution, of every such incorporator, stockholder, officer or director on the Mortgage and on such bonds and coupons, is hereby expressly released and waived, as a condition of, and as part of the consideration for, the execution of the Mortgage and the issue of the bonds and coupons hereby secured.

ARTICLE 11.

Concerning the Trustee.

SECTION 11.01. *General Duties and Responsibilities of Trustee.* The Trustee hereby accepts the trust created by the Mortgage. The Trustee undertakes, prior to the occurrence of an event of default and after the curing of any such event of default, to perform such duties and only such duties as are specifically set forth in the Mortgage, and in case of the occurrence of any such event of default (which has not been cured) to exercise such of the rights and powers vested in it by the Mortgage, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

For the purposes of Section 11.01 and Section 11.02, an event of default shall be deemed cured when the default which gave rise to such event of default has been cured or the event of default has been waived as permitted by the Mortgage.

SECTION 11.02. *Examination of Evidence; Limitation of Liability.* The Trustee, upon receipt of evidence furnished to it by or on behalf of the Company pursuant to any provision of the Mortgage, will examine the same to determine whether or not such evidence conforms to the requirements of the Mortgage.

No provision of the Mortgage shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(a) prior to the occurrence of an event of default, and after the curing of any such event of default, the Trustee shall not be liable except for the performance of such duties as are specifically set out in the Mortgage, and no implied covenants or obligations shall be read into the Mortgage against the Trustee, but the duties and obligations of the Trustee, prior to the occurrence of such an event of default and after the curing of any such event of default which may have occurred, shall be determined solely by the express provision of the Mortgage; and

(b) prior to the occurrence of an event of default, and after the curing of any such event of default and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions conforming to the requirements of the Mortgage, and

(c) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(d) 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 aggregate 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 the Mortgage.

SECTION 11.03. *Responsibilities for Recitals, etc.; Notice to Company.* The recitals of fact in the Mortgage and in the bonds contained (other than the certificate of authentication of the Trustee on the bonds), shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the value of the mortgaged property or any part thereof, or as to the title of the Company thereto, or as to the value or validity of the security afforded thereby and by the Mortgage, or as to the value or validity of any securities at any time held under the Mortgage, or as to the validity of the Mortgage or of the bonds or coupons issued thereunder, and the Trustee shall incur no

responsibility, except as otherwise provided in Section 11.01 and Section 11.02, in respect of such matters.

Except as herein otherwise provided, any notice or demand which by any provision of the Mortgage is required or permitted to be given or served by the Trustee on the Company shall be deemed to have been sufficiently given and served, for all purposes, by being deposited postage prepaid in a post office letter box, addressed (until another address is filed by the Company with the Trustee) to the Company at P.O. Box 2010, Hartford, Connecticut 06101.

SECTION 11.04. *Performance of Trust.* Except to the extent otherwise provided by Section 11.01 and Section 11.02:

(1) The Trustee may rely and shall be protected in acting upon any resolution, certificate, opinion, notice, request, consent, order, statement, report, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(2) The Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(3) The Trustee may execute any of the trusts or its powers under the Mortgage and perform any duty thereunder, itself or by or through its attorneys, agents or employees.

(4) Whenever the existence or non-existence of any fact or other matter shall be material, the Trustee shall, prior to the occurrence of an event of default, and after the curing of any such event of default, be protected in acting or refraining from acting under any provision of the Mortgage, in relying upon an officers' certificate as to the existence or non-existence of any such fact or matter, but in its discretion the Trustee may accept other evidence of such fact or matter, or may require such further or additional evidence as to it may seem reasonable.

(5) Any resolution of the Board of Directors or of the Executive Committee of the Company shall, for the purposes of the Trustee, be deemed sufficiently proved if certified by the Secretary or an Assistant Secretary of the Company.

(6) Whenever in the Mortgage, in connection with any application for the authentication and delivery of bonds or for the payment of any moneys held by the Trustee or for the execution of any release or upon any other application to the Trustee, resolutions, certificates, statements, opinions, appraisals, reports, orders or other papers are required by any of the provisions of the Mortgage to be delivered to the Trustee as a condition of the granting of such application, it is intended that the truth and accuracy of the facts and opinions stated therein shall, in each and every such case, be conditions precedent to the right of the Company to have such application granted. Nevertheless, upon any such application, the resolutions, certificates, statements, opinions, appraisals, reports, orders or other papers so required to be delivered to the Trustee may be received by the Trustee as conclusive evidence of any fact or matter therein set forth, and shall, in the absence of bad faith on the part of the Trustee, be full warrant, authority and protection to the Trustee acting on the faith thereof, not only in respect of the facts but also in respect of the opinions therein set forth; and, before granting any such application, the Trustee shall not be bound to make any further investigation of the facts or opinions so set forth; but the Trustee may in its discretion, make any such further investigation as it may see fit. If the Trustee shall determine to make such further investigation, it shall be entitled to examine the books, records and premises of the Company, either itself or through its agents or attorneys; and unless satisfied, with or without such examination, of the truth and accuracy of the matters stated in such resolutions, certificates, statements, opinions, appraisals, reports, orders or other papers, the Trustee shall be under no obligation to grant the application. The reasonable expense of every such examination or other inquiry shall be paid by the Company, or if paid by the Trustee, shall be repaid by the Company, upon demand, with interest at the rate of 6% per annum, and, until such repayment, shall be secured by a lien on the mortgaged property and the proceeds thereof prior to the lien of the bonds and coupons issued hereunder.

SECTION 11.05. *Not Liable Beyond Moneys Deposited.* Whenever provision is made in the Mortgage for the payment of moneys by the Trustee, whether on redemption of bonds, payment of bonds or interest coupons, the payment or repayment of moneys to the Company, or otherwise, the Trustee

shall in no event be liable to anyone beyond the amount of moneys deposited with it for any such purpose.

SECTION 11.06. *May Become Owner or Pledgee of Bonds.* The Trustee, in its individual or any other capacity, may become the owner or pledgee of bonds or coupons secured hereby with the same rights it would have if it were not Trustee.

SECTION 11.07. *Holding of Moneys.* All moneys received by the Trustee whether as Trustee or paying agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were paid, but need not be segregated from other funds, except as otherwise provided by law, and the Trustee shall not be under any liability to pay interest thereon except such, if any, as during the period it may generally allow on similar funds. Unless an event of default shall have happened and shall be continuing, any interest so allowed by the Trustee shall be paid over to the Company.

SECTION 11.08. *Compensation.* The Trustee shall be entitled to reasonable compensation (which shall not be limited to the compensation of trustees of an express trust as provided by law), for all services rendered by it in the execution of the trusts by the Mortgage created, and such compensation, as well as the reasonable compensation of its counsel and of such persons as it ay employ in the administration or management of the trust, and all other reasonable expenses necessarily incurred and actually disbursed under the Mortgage, the Company agrees to pay and, for such payment, the Trustee shall have a lien on any funds or property at any time in its hands under the Mortgage in priority to the rights and claims of the holders of the bonds.

SECTION 11.09. May File Claims For Compensation. In order to further assure the Trustee that it will be compensated and reimbursed as provided in Section 11.08 and that the prior lien provided for in Section 11.08 to secure the payment of such compensation and reimbursement will be enforced for the benefit of the Trustee, it is agreed that in the event of

- (1) the adjudication of the Company as a bankrupt by any court of competent jurisdiction,
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(2) the filing of any petition seeking the reorganization of the Company under the Federal Bankruptcy Laws or any other applicable law or statute of the United States of America or of any State thereof,

(3) the appointment of one or more trustees or receivers of the Company or of all or substantially all of the property of the Company,

(4) the filing of any bill to foreclose the Mortgage,

(5) the filing by the Company of a petition to take advantage of any insolvency act, or

(6) the institution of any other proceeding wherein it shall become necessary or desirable to file or present claims against the Company,

the Trustee may file from time to time in any such proceeding or proceedings one or more claims, supplemental claims and amended claims as a secured creditor for its reasonable compensation for all services rendered by it (including services rendered during the course of any such proceeding or proceedings) and for reimbursement for all advances, expenses and disbursements (including reasonable compensation, expenses and disbursements of its counsel and of all persons not regularly in its employ) made or incurred by it in the execution of the trusts created by the Mortgage and in the exercise and performance of any of the powers and duties of the Trustee under the Mortgage; and the Trustee and its counsel and agents may file in any such proceeding or proceedings, applications or petitions for compensation for such services rendered, and for reimbursement for such advances, expenses and disbursements. The claim or claims of the Trustee filed in any such proceeding or proceedings shall be reduced by the amount of compensation for services, and reimbursement for advances, expenses and disbursements paid to it after final allowance to it and to its counsel and agents by the court in any such proceeding as an expense of administration or in connection with a plan of reorganization or readjustment. To the extent that compensation and reimbursement are denied to the Trustee or to its counsel or other agents because of not being rendered or incurred in connection with the administration of an estate in a proceeding or in connection with a plan of reorganization or readjustment, approved as required by law, because such services were not rendered in the interests of and with benefit to the estate of the Company as a whole but in the interests of and with benefit to the holders of the bonds, in the execution of the trusts created by the Mortgage or in the exercise and

performance of any of the powers and duties of the Trustee under the Mortgage or because of any other reason, the court may to the extent permitted by law allow such claim, as supplemented and amended, in any such proceeding or proceedings, and for the purposes of any plan of reorganization or readjustment of the Company's obligations, classify the Trustee as a secured creditor of a class separate and distinct from that of other creditors and of a class having priority and precedence over the class in which the holders of bonds are placed by reason of having a lien, prior and superior to that of the holders of the bonds, upon the trust estate, including all property or funds held or collected by the Trustee as such. The amount of the claim or claims of the Trustee for services rendered and for advances, expenses and disbursements (including reasonable compensation, expenses and disbursements of its counsel and of all persons not regularly in its employ) which are not allowed and paid in any such proceeding, but for which the Trustee is entitled to the allowance of a secured claim as in the Mortgage provided, may be fixed by the court or judge in any such proceeding or proceedings to the extent that such court or judge has or exercises jurisdiction over the amount of any such claim or claims.

SECTION 11.10. *Incidental Powers.* Whenever it is provided in the Mortgage that the Trustee shall take any action upon the happening of a specified event or upon the fulfillment of any condition or upon the request of the Company or of bondholders, the Trustee taking such action shall have full power to give any and all notices and to do any and all acts and things incidental to such action.

SECTION 11.11. *Conflicts of Interests.* (a) If the Trustee has or acquires any conflicting interest, as defined by subsection (d) of this Section, he Trustee shall within ninety days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner hereinafter provided in Section 11.15, but such resignation shall not become effective until the appointment of a successor trustee and such successor's acceptance of such appointment. The Company covenants to take prompt steps to have a successor appointed in the manner hereinafter provided in Section 11.17.

(b) In the event that the Trustee shall fail to comply with the provisions of the preceding subsection (a) of this Section, the Trustee shall

within ten days after the expiration of such ninety day period transmit notice of such failure to the bondholders, in the manner and to the extent provided in subsection (c) of Section 5.04 with respect to the reports pursuant to subsection (a) of said Section 5.04.

(c) Subject to the provisions of Section 15.04, any bondholder who has been a bona fide holder of a bond or bonds for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor if the Trustee fails, after written request therefor by such holder, to comply with the provisions of subsection (a) of this Section.

(d) The Trustee shall be deemed to have a conflicting interest if

(1) the Trustee is trustee under another indenture-under which any other securities, or certificates of interest or participation in any other securities, of the Company, are outstanding, unless, under the exceptions or the proviso contained in paragraph (1) of subsection (b) of Section 310 of the Trust Indenture Act, the trusteeship under such other indenture shall not constitute a conflicting interest;

(2) the Trustee or any of its directors or executive officers is an obligor upon the bonds or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of the Trustee and a director and/or an executive officer of the Company, but may not be at the same time an executive officer of both the Trustee and the Company; (B) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director and/or an executive officer of the Trustee and a director of the Company; and (C) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent,

escrow agent or depositary or in any other similar capacity or, subject to the provisions of paragraph (1) of this subsection, to act as trustee whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of or holds as collateral security for an obligation which is in default, (A) 5% or more of the voting securities or 10% or more of any other class of security of the Company, not including the bonds issued under the Mortgage and securities issued under any other indenture under which the Trustee is also trustee, or (B) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of or holds as collateral security for an obligation which is in default 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) the Trustee owns on May 15th in any calendar year in the capacity of executor, administrator, testamentary or *inter vivos* trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraphs (6), (7) or (8) of this subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the

provisions of the preceding sentence shall not apply for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15th, in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of May 15th. If the Company fails to make payment in full of principal or interest upon the bonds when and as the same become due and payable, and such failure continues for thirty days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such thirty-day period, and after such date, notwithstanding the foregoing provisions of his paragraph, all such securities so held by the Trustee-with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this subsection (d).

The specifications of percentages in paragraphs (5) to (9), inclusive, of this subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this subsection only, (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for thirty days or more and shall not have been cured; and (C) the Trustee shall not be deemed to be the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as above defined, or (ii) any security which it holds as collateral security under the Mortgage, irrespective of any default hereunder, or (iii) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative capacity.

The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(a) A specified percentage of the voting securities of the Trustee, the Company or any other obligor upon the bonds issued hereunder or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(b) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(c) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units, if relating to any other kind of security

(d) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(1) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(2) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(3) Securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise;

(4) Securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(e) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges, provided, however, that, in case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes, and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

For the purposes of this Section the term "underwriter; when used with reference to the Company or any other obligor upon the bonds issued hereunder means every person who, within three years prior to the time as of which the determination is made, has purchased from the Company or any such other obligor with a view to, or has offered or sold for the Company or any such other obligor, in connection with, the distribution of any security of the Company or any such other obligor, outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors; or sellers' commission.

For the purposes of this Section the terms "directors;", "executive officers" and "voting securities" shall have the meanings assigned to such terms in Section 303 of the Trust Indenture Act of 1939.

For the purposes of this Section the term "person"; shall have the meaning assigned to such term in Section 2 of the Securities Act of 1933.

SECTION 11.12. Apportionment of Preferential Collections. (a) Subject to the provisions of subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within four months prior to a default (as defined in the last paragraph of this subsection), or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the

holders of the bonds, and the holders of other indenture securities (as defined in the last paragraph of this subsection)

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest effected after the beginning of such four months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise after the beginning of such four months' period or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee -

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities, or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default

as defined in the last paragraph of this subsection would occur within four months; or

(D) to receive payment on any claim: referred to in paragraph (B) or (C); against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the bondholders, and the holders of other indenture securities in such manner that the Trustee, the bondholders, and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee, the bondholders, and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include

any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership, or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between the Trustee, the bondholders, and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, the bondholders, and the holders of other indenture securities, with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such four months' period shall be subject to the provisions of this subsection as though such resignation or removal had not occurred. Any Trustee who has resigned or been removed prior to the beginning of such four months' period shall be subject to the provisions of this subsection if and only if the following conditions exist-

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such four months' period; and

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

As used in this subsection (a), the term "default" means any failure to make payment in full of the principal of or interest upon the bonds or upon the other indenture securities when and as such principal or interest becomes due and payable; and the term "other indenture securities" means securities upon which the Company is an obligor (as defined in Section 303 (12) of the Trust Indenture Act of 1939) outstanding under any other indenture (a) under which the Trustee is also trustee, (b) which contains provisions substantially similar to the provisions of this subsection, and (c) under which a default exists at the time of the apportionment of the funds and property held in said special account.

(b) There shall be excluded from the operation of subsection (a) of this Section a creditor relationship arising from-

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by the Mortgage for the purpose of preserving the property subject to the lien of the Mortgage or of disc4arging tax liens or other prior liens or encumbrances on the trust estate, if notice of such advance and of the circumstances surrounding the making thereof is given to the bondholders as provided in subsections (a), (b) and (c) of Section 5.04 with respect to advances by the Trustee as such;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in the last paragraph of this subsection;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in the last paragraph of this subsection.

As used in this subsection (b), the term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand; the term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing,

manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the obligor arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

SECTION 11.13. *Term "Company" to Include Other Obligors.* In the event that any person shall at any time after August 31, 1944 become an obligor upon any of the bonds issued under the Mortgage, so long as such person shall continue to be an obligor upon such bonds, the term "Company", as used in Section 11.11 (except subdivision (a) thereof) and in Section 11.12, and as last used in Section 10 .12, shall include any other obligor upon the bonds issued hereunder.

SECTION 11.14. *Qualifications of Trustee.* At all times the Trustee hereunder shall be a trust company which is a corporation organized and doing business under the laws of the United States or of any state or territory, or the District of Columbia, which (i) is authorized under such laws to exercise corporate trust powers and has an office in the Borough of Manhattan in the City of New York, and (ii) is subject to supervision or examination by Federal or State authority, and (iii) has a combined capital and surplus aggregating at least \$5,000,000. If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section the combined capital and surplus of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

SECTION 11.15. *Trustee May Resign.* The Trustee may resign and be discharged from the trusts created by the Mortgage by giving written notice thereof to the Company, specifying the date when such resignation shall take effect, and by publishing such notice at least once not less than fifteen nor more than thirty days prior to the date so specified, in two daily newspapers of general circulation published in the Borough of Manhattan, City of New York; and such resignation shall take effect on the date specified in such

SECTION 11.16. *Removal by Bondholders.* Any Trustee hereunder may be removed at any time by an instrument in writing, filed with the Trustee, signed by the holders of a majority in principal amount of the bonds hereby secured then outstanding.

SECTION 11.17. *Successor Trustee.* In case at any time the trustee, or any successor hereafter appointed, shall resign or shall be removed (unless the Trustee shall be removed as provided in subsection (c) of Section 11.11 in which event the vacancy shall be filled as provided in said subsection) or shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver of the Trustee or of any such successor or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of any such successor or of its property and affairs; a successor may be appointed by the holders of a majority in principal amount of the bonds then outstanding hereunder by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys in fact duly authorized, and filed with such successor trustee, notification thereof being given to the Company and the retiring trustee; provided, nevertheless, that until a new trustee shall be appointed by the bondholders as aforesaid, the Company, by instrument executed by order of its Board of Directors and duly acknowledged by its President or a Vice-President and its Secretary or an Assistant Secretary, may appoint a trustee to fill such vacancy until a new trustee shall be appointed by the bondholders as herein authorized. The Company shall publish notice of any such appointment, which notice shall be published at least once a week for four successive weeks in two newspapers printed in the English language and customarily published on each business day, of general circulation in the Borough of Manhattan, in the City of New York. Any such trustee so appointed by the Company shall immediately and without further act be superseded by a trustee appointed by the bondholders, if such bondholders shall make such appointment within one year from the date they first had the right so to appoint under the terms hereof.

If in a proper case no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Article within six months after a vacancy shall have occurred in the office of trustee, the holder of any bond outstanding hereunder or any retiring trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Said court may

thereupon after such notice, if any, as such court may deem proper and prescribe, appoint a successor trustee.

If the Trustee resigns because of a conflict of interest as provided in subsection (a) of Section 11.11 and a successor has not been appointed by the Company or the bondholders or, if appointed, has not accepted the appointment within thirty days after the date of such resignation, the resigning Trustee may apply to any court of competent jurisdiction for the appointment of a successor trustee.

Any trustee appointed under the provisions of this Article in succession to the Trustee shall be a corporation eligible under Section 11.14, and qualified under Section 11.11.

Any trustee which has resigned or been removed shall nevertheless retain the lien upon the trust estate, including all property or funds held or collected by the Trustee as such, to secure the amounts due to it as compensation, reimbursement and expenses, afforded to it by Section 11.08 and retain the rights afforded to it by Section 11.09.

SECTION 11.18. *Acceptance by Successor Trustee.* Any successor trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor trustee, and also to the Company, an instrument accepting such appointment hereunder, and thereupon such successor trustee, 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 in trust hereunder, with like effect as if originally named as trustee herein; but the Trustee ceasing to act shall nevertheless, on the written request of the Company, or of the successor trustee, or of the holders of 10% in aggregate principal amount of the bonds then outstanding under the Mortgage, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor trustee all the right, title and interest of the Trustee which it succeeds in and to the mortgaged property and such rights, powers, trusts, duties and obligations, and the Trustee ceasing to act shall also, upon like request, pay over, assign and deliver to the successor trustee any money or other property subject to the lien of the Mortgage which may then be in its possession, and thereupon the Trustee so ceasing to act shall be fully relieved and discharged from all liability or responsibility therefor, either to the Company or to the holder of any bonds or coupons outstanding under the Mortgage. Should any deed, conveyance

or instrument in writing from the Company be required by the new trustee for more fully and certainly vesting in and confirming to such new trustee such estates, properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Company.

SECTION 11.19. *Successor Trustee by Merger or Consolidation*. Any company into which the Trustee, or any successor to it, may be merged or with which it, or any successor to it, may be consolidated or any company resulting from any merger or consolidation to which the Trustee, or any successor to it, shall be a party, provided such company shall be eligible under the provisions of Section 11.14 and qualified under the provisions of Section 11.11, shall be a successor trustee under the Mortgage, without the execution or filing of any paper or the performance of any further act on the part of any other parties hereto, anything herein to the contrary notwithstanding. In case any of the bonds contemplated to be issued hereunder shall have been authenticated but not delivered, any such successor trustee may adopt the certificate of authentication of the Trustee, or of any successor to it, as Trustee hereunder, and deliver the same so authenticated; and in case any of said bonds shall not have been authenticated, any successor trustee may authenticate such bonds either in the name of any predecessor hereunder or in the name of the successor trustee, and in all such cases such certificate of authentication shall have the full force which it is anywhere in said bonds or in the Mortgage provided that the certificate of authentication of the Trustee shall have.

SECTION 11.20. *Provisions of Article Control*. If and to the extent that any provisions of the Mortgage limit, qualify, conflict with, or are contrary to any of the provisions of Section 11.01 and Section 11.02, the provisions of said Sections shall be deemed to control and govern. Without limiting the generality of the foregoing, the provisions of the Mortgage first referred to in the preceding sentence shall be deemed to include the following provisions:

(i) the provision contained in Section 3.10 to the effect that the Trustee may accept certain resolutions, certificates and other instruments as conclusive evidence as to the statements therein contained and which shall be full authority to the Trustee for the authentication and delivery of bonds or payment of the proceeds thereof;

(ii) the provision contained in Section 6.09 to the effect that the Trustee shall not be obliged to see to the application of the proceeds of insurance;

(iii) the provision contained in Section 7.02 that the Trustee may rely on an opinion of counsel with respect to the authority of a successor corporation to issue bonds under the Mortgage;

(iv) the provisions contained in Section 8.03 to the effect that the Trustee shall be under no duty to make inquiry as to whether the condition therein specified with respect to the sale, exchange or other disposition of property of the Company has been observed;

(v) the provisions contained in Section 8.04 concerning releases of mortgaged property, to the effect that the documents required to be furnished shall be full authority to the Trustee for its action thereon; (vi) the provisions contained in Section 10.14 respecting certain conditions precedent to action by the Trustee in the execution of powers and trusts under the Mortgage;

(vii) the provisions contained in Section 12.01 relating to the sufficiency and conclusive nature of the requests or other instruments therein mentioned signed and executed by bondholders or their agents.

ARTICLE II.

Evidence of Rights of Bondholders.

SECTION 12.01. *Execution of Instruments.* Any request or other instrument required by the Mortgage to be signed and executed by bondholders, may be in any number of concurrent instruments of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of execution of any such request or other instrument, or of a writing appointing any such agent, and of the holding by any person of coupon bonds transferable by delivery, shall be sufficient for any purpose of the Mortgage, and may be received by the Trustee as conclusive if made in the manner provided in this Article 12.

SECTION 12.02. *Proof of Execution.* The fact and date of the execution by any person of such request, instrument or other writing may be proved

by the certificate of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in any state within the United States, certifying that the person signing such request or other instrument acknowledged to him the execution thereof, or by the affidavit of a witness to such execution.

SECTION 12.03. Proof of Ownership. The aggregate amount of the coupon bonds transferable by delivery held by any person executing any such request or other instrument as a bondholder, and the distinctive numbers of such bonds and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on-deposit with such depository, or exhibited to it, the bonds therein described, or such facts may be proved by the certificate or affidavit of the person executing such request or other instrument as a bondholder, if any such certificate or instrument shall be deemed by the Trustee to be satisfactory. The fact and date of execution of any request or other instrument, and the amount and numbers of coupon bonds held by the person so executing such request or other instrument, may also be proved in any other manner which the Trustee may deem sufficient.

The ownership of registered coupon bonds or of registered bonds without coupons shall be proved by the registers of such bonds.

ARTICLE 13.

Defeasance.

If the Company, its successors or assigns, shall pay or cause to be paid unto the holders of said bonds and coupons, the principal and interest to become due thereon at the times and in the manner stipulated therein, or shall provide for the payment of such bonds and coupons by depositing with the Trustee hereunder at any time at or before maturity the entire amount due thereon for principal and interest to maturity of all said bonds outstanding and premium, if any, and also shall pay all other sums payable hereunder by the Company, and shall keep, perform and observe all and singular the covenants, and promises in said bonds, and in the Mortgage expressed as to be kept, performed and observed by or on its part, then these presents and

the estate and the rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall, upon request and at the expense of the Company, cancel and discharge the lien of the Mortgage, and execute and deliver to the Company such deeds as shall be requisite to satisfy the lien hereof, and recovery to the Company the estate and title hereby conveyed, and assign and deliver to the Company any property subject to the lien of the Mortgage which may then be in its possession. Bonds for the payment or redemption of which money shall have been set apart by or paid to the Trustee shall be deemed to be paid within the meaning of this Article, upon proof of publishing of notice required to be given as provided in Article 4 hereof, being furnished to the Trustee.

As a further condition precedent to the Trustee's granting any request by the Company under and pursuant to this Article for the satisfaction and discharge of the Mortgage, there shall be delivered to the Trustee (i) an officers' certificate, stating that the conditions precedent specified in this Article have been complied with and (ii) an opinion of counsel stating that in his opinion said conditions precedent have been complied with.

ARTICLE 14.

Supplemental Indenture.

SECTION 14.01. *Supplemental Indentures Without Consent.* The Company, when authorized by resolution of its Board of Directors, and the Trustee, from time to time and at any time, may enter into an indenture or indentures supplemental to the Mortgage and which thereafter shall form a part of the Mortgage for any one or more of the following purposes:

(a) to convey, transfer and assign to the Trustee and to subject to the lien of the Mortgage, with the same force and effect as though specifically mentioned in the granting clause hereof, additional property then owned by the Company, acquired by it through consolidation, merger, by purchase, or otherwise;

(b) to specify and state the mortgage indebtedness, and the amount thereof of any company which hereafter shall be consolidated with or merged into, or whose property hereafter shall be acquired by, the Company, which indebtedness, if secured by mortgage on property which shall have been used as a basis for the authentication and delivery

of bonds under Section 3.05 (or its predecessor Section), and if prior to the lien of the bonds issued hereunder, is to be regarded as forming a part of the underlying bonds of the Company, to retire which, at or before maturity, bonds may be issued as provided in Section 3.04;

(c) to add to the limitations on the authorized amount, date of maturity, issue and purposes of issue of bonds hereunder or of any series of bonds hereunder, other limitations to be thereafter observed;

(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 under the Mortgage;

(e) to make such provision in regard to matters or questions arising under the Mortgage as may be necessary or desirable and not inconsistent with the Mortgage.

SECTION 14.02. *Trustee Authorized to Join in Execution*. The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer and assignment of any such property thereunder.

SECTION 14.03. *Supplemental Indentures With Consent*. In addition to any supplemental indenture authorized by Section 14.01, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the bonds at the time outstanding, or in case one or more, but less than all of the series Of bonds then outstanding would be affected, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the bonds of the series then outstanding which would be affected by the action proposed to be taken, the Company, when authorized by resolution of its Board of Directors, and the Trustee, from time to time and at any time, after (but not before) the First Effective Date, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Mortgage or of any indenture supplemental hereto or of modifying in any manner the rights of the holders of the bonds and coupons issued hereunder; provided, however,

that anything in this Section to the contrary notwithstanding, no such supplemental indenture shall operate (i) to extend the fixed maturity of any bonds, or reduce the rate or extend the time of payment of interest or premium, if any, thereon, or reduce the principal amount thereof, or otherwise modify or affect the terms of payment of such interest, premium or principal without the express consent of the holder of each bond which would be affected thereby, or (ii) to reduce the aforesaid percentage of bonds, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all bonds outstanding, or (iii) to permit the creation by the Company of any mortgage or pledge or lien in the nature thereof, ranking prior to or equal with the lien of the Mortgage on any of the property which is subject to the lien hereof without the consent of the holders of all bonds outstanding, or (iv) to deprive the holder of any bond outstanding hereunder of the lien of the Mortgage on any of such property without the express consent of the holder of each bond affected thereby.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture and to make the further agreements and stipulations which may be therein contained. The Trustee shall be entitled, to the extent permitted by Article 11, to receive and rely on an opinion of counsel as evidence that any supplemental indenture entered into under the provisions of this Section complies with and in no way violates the provisions hereof.

It shall not be necessary for the consent of the bondholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Any consent may be in any number of concurrent instruments of similar tenor and may be signed or executed by bondholders in person or by attorney appointed in writing. Notwithstanding the provisions of Article 12, proof of the execution of any such consent, or of a writing appointing any such attorney, or of the holding by any person of the bonds or coupons, shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any person of such consent may be proved by the certificate of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in any State of the United States, that the person signing the same acknowledged to him the execution thereof, or by the affidavit, sworn to before such a notary public or other officer, of a witness to such execution.

(b) The amount of bonds transferable by delivery held by any person executing such consent as a bondholder, and the issue and serial numbers thereof, held by such person, and the date of his holding the same, may be proved by a certificate of ownership executed by any trust company, bank, banker or other depository wheresoever situated; if such certificate shall be deemed by the Trustee to be satisfactory; showing that at the date therein mentioned such person had exhibited to or had on deposit with such depository the bonds described in such certificate. The Trustee may assume the continuance of any such ownership unless and until it receives proof, satisfactory to it, to the contrary. The fact and date of the execution of any such consent, and the fact of such holding, and the amount and numbers of any bonds may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless in its discretion require further proof of any matter referred to in this Section in cases where it deems further proof desirable.

(c) The ownership of coupon bonds registered as to principal and of registered bonds without coupons shall be proved by the registry books.

The Trustee shall not be bound to recognize any person as a bondholder unless and until his title to the bonds held by him is proved in the manner hereinabove provided.

Any consent of the holder of any bond shall bind all future holders of the same bond, or any bond or bonds issued in lieu thereof or in exchange therefor, in respect of anything done or suffered by the Company or Trustee in pursuance thereof.

SECTION 14.04. *Conformance With Trust Indenture Act*. No supplemental indenture authorized by the Mortgage shall contain provisions which, at the time of the execution of such supplemental indenture, are in conflict with any of the provisions then in force of the Trust Indenture Act of 1939.

ARTICLE 15.

Miscellaneous Provisions.

SECTION 15.01. *Covenants to Bind Successors and Assigns.* All the covenants, stipulations, promises and agreements in the Mortgage contained, by or in behalf of the Company, shall bind, and inure to the benefit of, its successors and assigns, whether so expressed or not.

SECTION 15.02. *Benefits of Mortgage.* Nothing in the Mortgage expressed or implied is intended or shall be construed to give to any person or corporation other than the Company, the Trustee and the holders of the bonds and interest obligations hereby secured; any legal or equitable right, remedy or claim under or in respect of the Mortgage or any covenant, condition or provision herein contained. All its covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Company, the Trustee and the holders of the bonds hereby secured.

SECTION 15.03. *Applications, Certificates, Opinions.* The same officer or officers of the Company, or the same engineer or counsel or other person, as the case may be, may, but need not, certify to all the matters required to be certified under any Article, Section, Subdivision or other portion hereof, but different officers, engineers, counsel or other persons may certify to different facts, respectively. Where any person or persons are required to make, give or execute two or more orders, requests, certificates, opinions or other instruments under the Mortgage, any such orders, requests, certificates, opinions or other instruments may, but need not, be consolidated and form one instrument.

Except as otherwise expressly provided in the Mortgage, any application, request, opinion, consent, demand, notice, order, appointment, or other direction required or permitted to be made or given by the Company shall be deemed to have been sufficiently made or given if executed on behalf of the Company by its President or any of its Vice-Presidents and its Secretary or any of its Assistant Secretaries or its Treasurer or any of its Assistant Treasurers.

Any opinion of counsel required to be furnished pursuant to any of the provisions of the Mortgage may, in lieu of stating the facts required by the

provisions hereof, state that the required conditions will be fulfilled on the execution and delivery of designated instruments, which instruments shall be delivered in form approved by such counsel prior to or concurrently with the taking or suffering by the Trustee of the action as a condition precedent to which such opinion is required to be furnished under the terms of the Mortgage.

Upon any application by the Company to the Trustee to take any action under any of the provisions of the Mortgage, the Company shall furnish to the Trustee an officers' certificate and opinion of counsel, each stating that all conditions precedent provided for in the Mortgage (including any covenants compliance with which constitutes a condition precedent) with respect to such application have been complied with, and in the case of any such application to take action as to which there is a condition precedent provided for in the Mortgage (including any covenant compliance with which constitutes a condition precedent) compliance with which is subject to verification by accountants (such as conditions with respect to the preservation of specified ratios, the amount of net quick assets, negative-pledge clauses, and other similar specific conditions), the Company shall also furnish to the Trustee an accountant's certificate stating that each such condition precedent has been complied with, whether or not the furnishing of such documents shall be specifically required by the provisions of the Mortgage relating to such particular application.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in the Mortgage shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition and the definitions, if any, herein contained relative thereto; (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 condition or covenant has been complied with.

Any certificate or opinion of an officer of the Company or an engineer, appraiser, accountant or other expert may be based, in so far as it relates to legal matters, upon a certificate or opinion of or upon representations by counsel, unless such officer or engineer or appraiser or accountant or other expert knows that the certificates or opinion or representations with respect

to the matters upon which his opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Any certificate or opinion of counsel may be based, in so far as it relates to factual matters, information with respect to which is in the possession of the Company, upon the certificate or opinion of or representations by an officer or officers of the Company unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Any opinion of counsel given as to title to property or as to the rank of the lien of the Mortgage may be based, in whole or in part, upon a certified abstract of title or any torrens certificate, or upon any guaranty policy or certificate issued or rendered by any reputable person, firm or corporation engaged in the business of examining or insuring or guaranteeing titles to property or upon the opinion of other counsel (provided that in such case such opinion of counsel shall state that the signer believes such other counsel giving such certificate or opinion is reputable and one upon whom he may properly rely).

SECTION 15.04. *Undertaking to Pay Costs.* Any court may in its discretion require in any suit for the enforcement of any right or remedy under the Mortgage, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any bondholder, or group of bondholders, holding in the aggregate more than 10% in principal amount of the bonds then outstanding or to any suit instituted by any bondholder for the enforcement of the payment of the principal of or interest on any bond, on or after the respective due dates expressed in such bond.

SECTION 15.05. *Conflict With Trust Indenture Act.* If and to the extent that any provision of the Mortgage limits, qualifies, or conflicts with another provision required to be included therein by any of Sections 310 to

317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 15.06. *Right of Bondholder not To Be Impaired Without His Consent.* The right of any holder of any bond to receive payment of the principal of and interest on such bond, on or after the respective due dates expressed in such bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder.

SECTION 15.07. *Headings.* The headings of the Articles and Sections of the Mortgage are inserted for convenience of reference only, and are not to be taken to be any part of the Mortgage or to control or affect the meaning, construction or effect of the same.

(The testimonium clause, signatures and acknowledgments to the original Indenture of Mortgage and Deed of Trust have been omitted herein.)

BOSTON EDISON COMPANY
TO
BANK OF MONTREAL TRUST COMPANY
Trustee

INDENTURE
Dated as of September 1, 1988

BOSTON EDISON COMPANY

Reconciliation and tie between Trust Indenture Act of 1939 and
Indenture dated as of September 1, 1988

Trust Indenture
Act Section

§ 310 (a)(1)
(a)(2)
(a)(3)
(a)(4)
(b)

§ 311 (a)
(b)
(b)(2)
§ 312 (a)

(b)
(c)
§ 313 (a)
(b)
(c)
(d)
§ 314 (a)
(b)
(c)(1)
(c)(2)
(c)(3)
(d)
(e)
§ 315 (a)
(b)

(c)
(d)
(d)(1)
(d)(2)
(d)(3)
(e)
§ 316 (a)
(a)(1)(A)

(a)(1)(B)
(a)(2)
(b)
§ 317 (a)(1)
(a)(2)
(b)
§ 318 (a)

Indenture
Section

609
609
Not Applicable
Not Applicable
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613(a)
613(b)
703(a)(2)
701
702(a)
702(b)
702(c)
703(a)
703(b)
703Cc)
703(d)
704
Not Applicable
102
102
Not Applicable
Not Applicable
102
601 (a)
602
703(a)(6)
601(b)
601 (c)
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NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE, dated as of September 1, 1988 between Boston Edison Company, a corporation duly organized and existing under the laws of the Commonwealth of Massachusetts (herein called the "Company»), having its principal office at 800 Boylston Street, Boston, Massachusetts 02199 and Bank of Montreal Trust Company, a corporation duly organized and existing under the laws of the State of New York, having its principal corporate trust office at 2 Wall Street, New York, New York 10005, as Trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the "Securities"), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

Definitions and Other Provisions of General Application

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
 - (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
 - (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles In the United States of America, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted In the United States of America at the date of such computation; and
 - (4) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
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Certain terms, used principally in Article Six, are defined in that Article Six, are defined in that Article.

"Act," when used with respect to any Holder of a Security has the meaning specified in Section 104.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any Person or Persons authorized by the Trustee to act on behalf of the Trustee to authenticate one or more series of Securities.

"Authorized Newspaper" means a newspaper, in an official language of the country of publication or in the English language, customarily published on each Business Day. Whether or not published on Saturdays, Sundays or holidays, and of general circulation in the place in connection with which the term is used or in the financial community of such place. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

"Bearer Security" means any Security in the form for Bearer Securities established pursuant to Section 201 which is payable to bearer.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of the officers and/or directors of the Company appointed by that board.

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

"Business Day," when used with respect to a particular location specified in the Securities or this Indenture, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in such location are authorized or obligated by law or executive order to close.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Controller, an Assistant Controller, its Clerk or an Assistant Clerk, and delivered to the Trustee.

"Corporate Trust Officer" means the office of the Trustee in the Borough of Manhattan, The City of New York, at which at any particular time its corporate trust business shall be principally administered, which office at the date of the execution of this Indenture is located at 2 Hall Street, New York, New York 10005.

"Corporation" includes any corporation, association, company or business trust.

"Coupon" means any interest coupon appertaining to a Bearer Security.

"Defaulted Interest" has the meaning specified in Section 307.

"Dollar" or "\$" means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts.

"Event of Default" has the meaning specified in Section 501.

"Holder," when used with respect to any Security, means in the case of a Registered Security the Person in whose name the Security is registered in the Security Register and in the case of a Bearer Security the bearer thereof and, when used with respect to any coupon, means the bearer thereof.

"Indenture" means this Instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities established as contemplated by Section 301.

"Interest," when used with respect to an Original Issue Discount Security which by its terms bears Interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date," when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Maturity," when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Officers' Certificate" means a certificate signed by the Chairman, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Clerk, or an Assistant Clerk, of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company (including an employee or officer of the Company), and who shall be acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Outstanding," when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

- (i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities and any coupons thereto appertaining; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and
- (iii) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have been given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Holders of Securities for quorum purposes, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, joint venture, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment," when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Redemption Date," when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Registered Security" means any Security in the form for Registered Securities set forth in Section 202 or established pursuant to Section 201 which is registered in the Security Register.

"Regular Record Date" for the Interest payable on any Interest Payment Date on the Registered Securities of any series means the date specified for that purpose as contemplated by Section 301.

"Responsible Officer," when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Special Record Date" for the payment of any Defaulted Interest on the Registered Securities of any series means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity," when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security or a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency, but shall exclude stock having such power only by reason of the happening of a contingency.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of this instrument was executed and as from time to time amended, except as provided in Section 905.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such with respect to one or more series of Securities pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"United States" means the United States of America (including the States and the District of Columbia), its territories and possessions and other areas subject to its jurisdiction.

"United States Alien" means any Person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal Income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

"Vice President," when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include

- (1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (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 each such individual, 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, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company; unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing. If Securities of a series are issuable as Bearer Securities, any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by

Holders may, alternatively, be embodied in and evidenced by the record of Holders of Securities voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Securities duly called and held in accordance with the provisions of Article Thirteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes-referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1306.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any reasonable manner which the Trustee deems sufficient.

(c) The principal amount and serial numbers of Registered Securities held by any Person, and the date of holding the same, shall be proved by the Security Register.

(d) The principal amount and serial numbers of Bearer Securities held by any Person, and the date of holding the same, may be proved by the production of such Bearer Securities or by a certificate executed, as depositary, by any trust company, bank, banker or other depositary, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depositary, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee and the Company may assume that such ownership of any Bearer Security continues until (1) another certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, or (2) such Bearer Security is produced to the Trustee by some other Person, or (3) such Bearer Security is surrendered in exchange for a Registered Security, or (4) such Bearer Security is no longer Outstanding.

(e) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial number of Bearer Securities held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any reasonable manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(f) Any request, demand, authorization, direction notice, consent, election, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. Notices, etc., to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, election, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

- (1) the Trustee by any Holder of a Security or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Department, or
- (2) the Company by the trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to the attention of its Clerk, at the address specified in the first paragraph of this Indenture, or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders of Securities; Waiver.

Except as otherwise expressly provided herein, where this Indenture provides for notice to Holders of Securities of any event.

(1) such notice shall be sufficiently given to Holders of Registered Securities if in writing and mailed, first-class postage prepaid, to each Holder of a Registered Security affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such Notice; and

(2) such notice shall be sufficiently given to Holders of Bearer Securities If published in an Authorized Newspaper in The City of New York and, if the Securities of such series are then listed on The Stock Exchange of the United Kingdom and the Republic of Ireland and such stock exchange shall so require, in London and, if the Securities of such series are then listed on the Luxembourg Stock Exchange and such stock exchange shall so require, in Luxembourg and, if the Securities of such series are then listed on any other stock exchange outside the United States and such stock exchange shall so require, in any other required city outside the United States or, if not practicable, in Europe on a Business Day at least twice, the first such publication to be not earlier than the earliest date and the second publication be not later than the latest date prescribed for the giving of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of a Registered Security shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice by publication to Holders of Bearer Securities given as provided above.

In case by reason of the suspension of publication of any Authorized Newspaper or Authorized Newspapers or by reason of any other cause it shall be impracticable to publish any notice to Holders of Bearer Securities as provided above, then such notification to Holders of Bearer Securities as shall be given with the approval of the Trustee shall constitute sufficient notice to such Holders for every purpose hereunder. Neither failure to give notice by publication to Holders of Bearer Securities as provided above, nor any defect in any notice so published, shall affect the sufficiency of any notice mailed to Holders of Registered Securities as provided above.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Securities shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 107. Language of Notices, etc.

Any request, demand, authorization, direction, notice, consent, election or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

SECTION 108. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 109. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 110. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 111. Separability Clause.

In case any provision in this Indenture or the Securities or coupons shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 112. Benefits of Indenture.

Nothing in this Indenture or the Securities or coupons, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders of Securities and coupons, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 113. Governing Law.

This Indenture and the Securities and coupons shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

SECTION 114. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment or the Commonwealth of Massachusetts, then (except as otherwise provided in the Securities of any series which specifically state that such provision shall apply in lieu of this section) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, provided that no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

SECTION 115. Appointment of Agent for Service.

By the execution and delivery of this Indenture, the Company hereby appoints the Trustee as its agent upon which process may be served in any legal action or proceeding which may be instituted in any federal or State court in the Borough of Manhattan, The City of New York, arising out of or relating to the Securities, the coupons or this Indenture. Service of process upon such agent at the office of such agent at 2 Wall Street, New York, New York 10005, Attention: Corporate Trust Department (or such other address in the Borough of Manhattan, The City of New York, as may be the Corporate Trust Office of the Trustee), and written notice of said service to the Company by the person serving the same addressed as provided in Section 105, shall be deemed in every respect effective service of process upon the Company in any such legal action or proceeding, and the Company hereby submits to the jurisdiction of any such court in which any such legal action or proceeding is so instituted. Such appointment shall be irrevocable so long as the Holders of Securities or coupons shall have any rights pursuant to the terms thereof or of this Indenture until the appointment of a successor by the Company with the consent of the Trustee and such successor's acceptance of such appointment. The Company further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of such agent or successor.

By the execution and delivery of this Indenture, the Trustee hereby agrees to act as such agent and undertakes promptly to notify the Company of receipt by it of service of process in accordance with this Section.

ARTICLE TWO

Security Forms

SECTION 201. Forms Generally.

The Registered Securities, if any, of each series and the Bearer Securities, if any, of each series and related coupons shall be, in such form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities or coupons, as evidenced by their execution of the Securities or coupons. If the forms of Securities or coupons of any series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Clerk or an Assistant Clerk of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities or coupons.

The Trustee's certificates of authentication shall be in substantially the form set forth in this Article.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, the Securities of each series shall be issuable in registered form without coupons. If so provided as contemplated by Section 301, the Securities of a series also shall be issuable in bearer form, with or without interest coupons attached.

The definitive Securities and coupons, if any, shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities or coupons.

SECTION 202. Form of Trustee's Certificate of Authentication.

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Bank of Montreal Trust Company
as Trustee

By: _____
Authorized Officer

ARTICLE THREE

The Securities

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution, and set forth in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

- (1) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of all other series);
 - (2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of other Securities of the series pursuant to Section 304, 305, 306, 906 or 1107);
 - (3) the date or dates on which the principal of the Securities of the series is payable;
 - (4) the Person to whom any interest on any Security of the series shall be payable, if other than the Person in whose name that Security (or one or more predecessor Securities) is registered at the close of business on the record date for such interest;
 - (5) the rate or rates at which the Securities of the series shall bear interest, if any, or any method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue (or method for establishing such date or dates), the Interest Payment Dates on which such interest shall be payable and the Regular Record Date for the interest payable on Registered Securities on any Interest Payment Date;
 - (6) the place or places where the principal of (and premium, if any) and interest, if any, on Securities of the series shall be payable any Securities of the series may be surrendered for registration or transfer, Securities of the series may be surrendered for exchange;
 - (7) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company;
 - (8) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;
 - (9) whether Bearer Securities of the series are to be issuable;
-

(10) If Bearer Securities of the series are to be issuable, whether interest in respect of any portion of a temporary Bearer Security in global form (representing all of the Outstanding Bearer Securities of the series) payable in respect of an Interest Payment Date prior to the exchange of such temporary Bearer Security for definitive Securities of the series shall be paid to any clearing organization with respect to the portion of such temporary Bearer Security held for its account and, in such event, the terms and conditions (including any certification requirements) upon which any such interest payment received by a clearing organization will be credited to the Persons entitled to interest payable on such Interest Payment Date;

(11) the date as of which any Bearer Security of the series and any temporary Bearer Security in global form shall be dated if other than the date of original issuance of the first security of the series to be issued;

(12) the denominations in which Registered Securities of the series, if any, shall be issuable if other than denominations of \$1,000 and any integral multiple thereof, and the denominations in which Bearer Securities of the series, if any, shall be issuable if other than the denomination of \$5,000;

(13) the currency or currencies, including composite currencies, in which payment of the principal of (and premium, if any) and interest on the Securities of the series shall be payable (if other than the currency of the United States of America);

(14) the amount of payments of principal of (and premium, if any) or interest on the Securities of the series may be determined with reference to an index, the manner in which such amounts shall be determined;

(15) if other than the full principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(16) any additional Events of Default or covenants of the Company pertaining to the Securities of the series;

(17) whether and under what circumstances the Company will pay additional amounts on the Securities of the series held by a Person who is a United States Alien in respect of taxes or similar charges withheld or deducted and, if so, whether the Company will have the option to redeem such Securities rather than pay such additional amounts; and

(18) any other terms of the series.

All Securities of any one series and the coupons appertaining to Bearer Securities of such series, if any, shall be substantially identical except, as to interest rates, method for determining interest rates, Interest Payment Dates, Regular Record Dates, Redemption Dates, Stated Maturity, denomination, date of authentication, currency, any index for determining amounts payable,

and except as may otherwise be provided in or pursuant to such Board Resolution and set forth in such Officers' Certificate or in any such indenture supplemental hereto; provided however that all Securities of any such series shall for all purposes under this Indenture, including but not limited to voting and Events of Default, be treated as Securities of a single series.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Clerk or an Assistant Clerk of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the series. With respect to Securities of a series constituting a medium term note program, such Board Resolution may provide general terms or parameters for Securities of such series and may provide that the specific terms of Securities of such series, and the Persons authorized to determine such terms or parameters, may be determined in accordance with or pursuant to the Company Order referred to in the second proviso of Section 303.

SECTION 302. Denominations.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, the Registered Securities of each series shall be issuable in denominations of \$1,000 and any integral multiple thereof and the Bearer Securities of each series, if any, shall be issuable in the denomination of \$5,000.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Clerk or one of its Assistant Clerks. The signature of any of these officers on the Securities may be manual or facsimile. Coupons shall bear the facsimile signature of the Treasurer or any Assistant Treasurer of the Company.

Securities and coupons bearing the manual or facsimile signatures of individuals who were at any time relevant to the authorization thereof the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed on behalf of the Company to the Trustee for authentication by the Trustee together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities; provided, however, that, in connection with its original issuance, a Bearer Security may be delivered only outside the United States and only if the Trustee shall have received from the person entitled to receive such Bearer Security a certificate in the form required by Section 311; provided, further, that, with respect to Securities of a series constituting a medium term note program, the Trustee shall authenticate and deliver Securities of such series for original issue from

time to time in the aggregate principal amount established for such series pursuant to such procedures acceptable to the Trustee and to such recipients as may be specified from time to time by a Company Order. The maturity dates, original issue dates, interest rates and any other terms of the Securities of such series shall be determined by or pursuant to such Company Order and procedures. If provided for in such procedures, such Company Order may authorize authentication and delivery pursuant to oral instructions from the Company or its duly authorized agent, which instructions shall be promptly confirmed in writing.

In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon:

- (a) the Board Resolution or indenture supplemental hereto establishing the form of the Securities of that Series pursuant to Section 201 and the terms of the Securities of that series pursuant to Section 301;
- (b) an Officer's Certificate pursuant to Sections 201 and 301 and complying with Section 102;
- (c) an Opinion of Counsel complying with Section 102 stating,
 - (i) that the forms of such Securities and coupons, if any, have been established by or pursuant to a Board Resolution or by an indenture supplemental hereto, as permitted in conformity with the provisions of this Indenture;
 - (ii) that the terms of such Securities have been established by or pursuant to a Board Resolution or by an indenture supplemental hereto, as permitted by Section 301 in conformity with the provisions of this Indenture;
 - (iii) that such Securities, together with the coupons appertaining thereto, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles.

With respect to Securities of a series constituting a medium term note program, the Trustee may conclusively rely on the documents and opinion delivered pursuant to Sections 201 and 301 and this Section 303, as applicable (unless revoked by superseding comparable documents or opinions) as to the authorization of the Board of Directors of any Securities delivered hereunder, the form thereof and the legality, validity, binding effect and enforceability thereof.

With respect to Securities of a series constituting a medium term note program. If the form and general terms of the Securities of such series have been established by or pursuant to one or more Board Resolutions or by an indenture supplemental hereto, as permitted by Sections 201 and 301 in authenticating such Securities, and accepting the additional responsibilities under the Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, in addition to the foregoing documents and opinions of counsel, or in lieu of clause (iii) above an Opinion of Counsel stating, that the Securities have been duly authorized by the Company and, when duly executed by the Company and completed and authenticated by the Trustee in accordance with the Indenture and issued, delivered and paid for in accordance with any applicable distribution agreement, will have been duly issued under the Indenture and will constitute valid and binding obligations of the Company entitled to the benefits provided by the Indenture, except that the enforceability thereof maybe limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in force and general principles of equity.

If such forms or terms have been so established by or pursuant to a Board Resolution or by an indenture supplemental hereto as permitted by Sections 201 and 301, the Trustee shall have the right to decline to authenticate and deliver any Securities of such series:

- (i) if the Trustee, being advised by counsel, determines that such action may not lawfully be taken;
- (ii) if the Trustee in good faith by its Board of Directors, executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that such action would expose the Trustee to personal liability to Holders of any outstanding series of Securities; or
- (iii) if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties and immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Each Registered Security shall be dated the date of its authentication. Each Bearer Security shall be dated as of the date specified as contemplated by Section 301.

No Security or coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Except as permitted by Section 306 or 307, the Trustee shall not authenticate and deliver any Bearer Security unless all appurtenant coupons for Interest then matured and paid or payment duly provided for, have been detached and cancelled.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form or, if authorized, in bearer form with one or more coupons or without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities. In the case of Bearer Securities of any series, such temporary Securities may be in global form, representing all of the Outstanding Bearer Securities of such series.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any unmatured coupons appertaining thereto), the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor (at an office or agency of the Company in the case of Bearer Securities) a like principal amount of definitive Securities of the same series of authorized denominations and of like tenor; provided, however, that no definitive Bearer Security shall be delivered in exchange for a temporary Registered Security; and provided, further, that no definitive Bearer Security shall be delivered in exchange for a temporary Bearer Security unless the Trustee shall have received from the person entitled to receive the definitive Bearer Security a certificate in the form required by Section 311. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

SECTION 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at one of its offices or agencies designated pursuant to Section 1002 a register (referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and of transfers of Registered Securities. Said office or agency is hereby appointed the Security Registrar for the purpose of registering Registered Securities and transfers of Registered Securities as herein provided.

Upon surrender for registration of transfer of any Registered Security of any series at the office or agency in a Place of Payment maintained for such purpose for such series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series, Stated Maturity and original issue date, of any authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Registered Securities of any series may be exchanged for Registered Securities of the same series, Stated Maturity and original issue date, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at any such office or agency.

At the option of the Holder, Bearer Securities of any series may be exchanged for Registered Securities of the same series, Stated Maturity and original issue date, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured coupons and all matured coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons in default, such exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company and the Trustee in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnify as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 1002, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series after the close of business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date of payment, as the case may be.

Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company, may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906 or 1107 not involving any transfer.

The Company shall not be required (i) to issue, to register the transfer of or to exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the first publication or mailing of a notice of redemption of Securities of that series selected for redemption under Section 1103 and ending at the close of business on the day of such publication or mailing, or (ii) to issue, to register the transfer of or to exchange any Registered Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part, or (iii) to exchange any Bearer Security so selected for redemption except that such a Bearer Security may be exchanged for a Registered Security of that series, provided that such Registered Security shall be immediately surrendered for redemption with written instruction for payment consistent with the provisions of this Indenture.

SECTION 306. Mutilated. Destroyed. Lost and Stolen Securities.

If any mutilated Security or a Security with a mutilated coupon appertaining to it is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series, Stated Maturity and original issue date, and of like tenor and principal amount and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to the surrendered Security.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or coupon and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security or coupon has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security or in exchange for the Security to which a destroyed, lost or stolen coupon appertains (with all appurtenant coupons not destroyed, lost or stolen), a new Security of the same series, Stated Maturity and original issue date, and of like tenor and principal amount and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to such destroyed, lost or stolen Security or to the Security to which such destroyed, lost or stolen coupon appertains.

In case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security or coupon; provided, however, that payment of principal of (and premium, if any) and any interest on Bearer Securities shall, except as otherwise provided in Section 100, be payable only at an office or agency located outside the United States; and provided, further, that, with respect to any such coupons, interest represented thereby (but not any additional amounts payable as provided in Section 1004), shall be payable only upon presentation and surrender of the coupons appertaining thereto.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series, with its coupons, if any, issued pursuant to this Section in lieu of any destroyed, lost or stolen Security, or in exchange for a Security to which a destroyed, lost or stolen coupon appertains, shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security and its coupons, if any, or the destroyed, lost or stolen coupon shall be at any time enforceable by anyone, and any such new Security and coupons, if any, shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series and their coupons, if any, duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Registered Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest. Interest is paid on Bearer Securities to holders of coupons. In case a Bearer Security of any series is surrendered in exchange for a Registered Security of such series after the close of business (at an office or agency in a Place of Payment for such series) on any Regular Record Date and before the opening of business (at such office or agency) on the next succeeding Interest Payment Date, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date and interest will not be payable on such interest Payment Date in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

Any interest on any Registered Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the

Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not be more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at the address of such Holder as it appears in the Security Register, not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of the Company, cause a similar notice to be published at least once in an Authorized Newspaper in each Place of Payment, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2). In case a Bearer Security of any series is surrendered at the office or agency in a Place of Payment for such series in exchange for a Registered Security of such series after the close of business at such office or agency on any Special Record Date and before the opening of business at such office or agency on the related proposed date of payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such proposed date of payment and Defaulted Interest will not be payable on such proposed date of payment in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

Prior to due presentment of a Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered as the absolute owner of such Registered Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 307) interest on such Security and for all other purposes whatsoever, whether or

not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

The Company, the Trustee and any agent of the Company or the Trustee may treat the bearer of any Bearer Security and the bearer of any coupon as the absolute owner of such Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Security or coupon be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 309. Cancellation.

All Securities and coupons surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by the Trustee. The Company may at anytime deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities and coupons held by the Trustee shall be destroyed and certification of their destruction delivered to the Company, unless by a Company Order the Company shall direct that cancelled Securities be returned to it.

SECTION 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

SECTION 311. Form of Certification by a Person Entitled to Receive a Bearer Security.

Whenever any provision of this Indenture or the form of Security contemplates that certification be given by a Person entitled to receive a Bearer Security, such certification shall be provided substantially in the form of the following certificate, with only such changes as shall be approved by the Company.

[Form of Certificate to Be Given By
Person Entitled to Receive Bearer Security]

Certificate

This is to certify that the above-captioned Security is not being acquired by or on behalf of a United States person, or for offer to resell or for resale to a United States person, or if a beneficial interest in the Security is being acquired by a United States person, that such person is a financial institution or is acquiring through a financial institution and that the Security is held by a financial institution that has agreed in writing to comply with the requirements of [Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986], as amended, and the regulations thereunder. If this certificate is being provided by a clearing organization, it is based on statements provided to it by its member organizations. As used herein, "United States" means the United States of America (including the States and the District of Columbia), its territories and possessions and other areas subject to its jurisdiction, and "United States person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof and any estate or trust the income of which is subject to United States Federal income taxation regardless of its source. If the undersigned is a dealer, the undersigned agrees to obtain a similar certificate from each person entitled to delivery of any of the above-captioned Securities in bearer form purchased from it; provided, however, that, if the undersigned has actual knowledge that the information contained in such a certificate is false, the undersigned will not deliver a Security in temporary or definitive bearer form to the person who signed such certificate notwithstanding the delivery of such certificate to the undersigned.

We undertake to advise you by telex if the above statement as to beneficial ownership is not correct on the date of delivery of the above-captioned Securities in bearer form as to all such Securities.

We understand that this certificate is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: _____, 19__

ARTICLE FOUR

Satisfaction and Discharge

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for, and any right to receive additional amounts, as provided in Section 1004), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered and all coupons appertaining thereto (other than (i) coupons appertaining to Bearer Securities surrendered for exchange for Registered Securities and maturing after such exchange, whose surrender is not required or has been waived as provided in Section 305, (ii) Securities and coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306, (iii) coupons appertaining to Securities called for redemption and maturing after the relevant Redemption Date, whose surrender has been waived as provided in Section 1106. and (iv) Securities and coupons for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities and coupons not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

In the event there are Securities of two or more series hereunder, the Trustee shall be required to execute an instrument acknowledging satisfaction and discharge of this Indenture only if requested to do so with respect to Securities of all series as to which it is Trustee and if the other conditions thereto are met. In the event there are two or more Trustees hereunder, then the effectiveness of any such instrument shall be conditioned upon receipt of such instruments from all Trustees hereunder.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Sections 305, 306, 402, 1002 and 1003 shall survive.

SECTION 402. Allocation of Trust Money.

Subject to the provision of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities, the coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee, but such money need not be segregated from other funds, except to the extent required by law.

ARTICLE FIVE

Remedies

SECTION 501. Events of Default.

"Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity and any additional amounts due under Section 1004 as specified therein, and continuance of such default for a period of 3 Business Days; or

(2) default in the payment of any interest upon any Security of that series when it becomes due and payable and any additional amounts due under Section 1004 as specified therein, and continuance of such default for a period of 30 days; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series and continuance of such default for a period of 3 Business Days; or

(4) default in the performance or breach of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of one or more series of Securities other than that series), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a Notice of Default hereunder; or

(5) a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company (including a default with respect to Securities of any series other than that series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including this Indenture), whether such indebtedness now exists or shall hereafter be created, which default shall constitute a failure to pay in excess of \$10,000,000 of the principal or interest of such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto or shall have resulted in such indebtedness in an amount in excess of \$10,000,000 becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled within a period of 90 days after there shall have been given by registered or certified mail to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default and requiring the Company to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" hereunder; provided, however, that, subject to the provisions of Sections 601 and 602, the Trustee shall not be deemed to have knowledge of such default unless either (A) a Responsible Officer of the Trustee assigned to the Corporate Trust Department (or any successor division or department of the Trustee) shall have actual knowledge of such default or (B) the Trustee shall have received written notice thereof from the Company, from any Holder, from the holder of any such indebtedness or from the trustee under any such mortgage, indenture or other instrument; or

(6) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent; or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State laws, or appointing a custodian, receiver, liquidator,

assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(7) the commencement by the Company of a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(8) any other Event of Default provided with respect to Securities of that series.

SECTION 502. Acceleration of Maturity: Rescission and Annulment.

If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 33% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities, and

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 607;

and

(2) an events of Default with respect to Securities of that series, other than, the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof and such default continues for a period of 3 Business Days,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities and coupons, the whole amount then due and payable on such Securities and coupons for principal (and premium, if any) and interest, with interest on any overdue principal (and premium, if any) and on any overdue interest, to the extent that payment of such interest shall be legally enforceable, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 607.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs, and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series and any related coupons by such appropriate judicial proceedings as the

Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 607) and of the Holders of Securities and coupons allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, Receiver, assignee, trustee, Liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder of Securities and coupons to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders of Securities and coupons, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of a Security or coupon any plan of reorganization, arrangement, adjustment or composition affecting the Securities or coupons or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder of a Security or coupon in any such proceeding.

SECTION 505. Trustee May Enforce Claims; Without Possession of Securities or Coupons.

All rights of action and claims under this Indenture or the Securities or coupons may be prosecuted and enforced by the Trustee without the possession of any of the Securities or coupons or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the

reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities and coupons in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities or coupons, or both, as the case may be, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607; and

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Securities and coupons in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities and coupons for principal (and premium, if any) and interest, respectively; and

THIRD; To the Company.

SECTION 507. Limitation on Suits.

No Holder of any Security of any series or any related coupons shall have any right to institute any proceeding, judicial or otherwise with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 33% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security or coupon shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 307) interest on such Security or payment of such coupon on the Stated Maturity or Maturities expressed in such Security or coupon (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder of a Security or coupon has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reasons, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders of Securities and coupons shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities or coupons is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security or coupon to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders of Securities or coupons may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities or coupons as the case may be.

SECTION 512. Control by Holders of Securities.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that

- (1) such direction shall not be in conflict with any rule of law or with this Indenture, expose the Trustee to personal liability or be unduly prejudicial to Holders not joined therein, and
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series and any related coupons waive any past default hereunder with respect to such series and its consequences, except a default

- (1) in the payment of the principal of (or premium, if any) or interest on any Security of such series, or
- (2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security or coupon by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder of any Security or coupon for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security or the payment of any coupon on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

The Trustee

SECTION 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default with respect to Securities of any series:

(1) the Trustee undertakes to perform, with respect to Securities of such series, 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; and

(2) in the absence of bad faith on its part, the Trustee may, with respect to Securities of such series, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default with respect to Securities of any series has occurred and is continuing, the Trustee shall exercise, with respect to Securities of such series, such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, 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 Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, 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, determined as provided herein, of the Holders of a majority in principal amount, or such other percentage of principal amount as shall be required or permitted to take action hereunder, of the Outstanding Securities of any series 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 with respect to the Securities of such series; and

(4) 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 grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit by mail to all Holders of Securities of such series entitled to receive reports pursuant to Section 703(c), notice of all such defaults hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice. If and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities of such series. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon, other evidence of indebtedness or other paper or document believed, by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) 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 Holders of Securities of any series pursuant to this Indenture, unless such Holders 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;

(f) the Trustee shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon, other evidence of indebtedness or other paper or document, but, the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to reasonably examine the books, records and premises of the Company, personally or by agent or attorney on any Business Day;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) except as otherwise provided in Section 501(5), the Trustee shall not be charged with knowledge of any Event of Default with respect to the Securities of any series for which it is acting as Trustee unless either (1) a Responsible Officer of the Trustee assigned to the Corporate Trust Department (or any successor division or department of the Trustee) shall have actual knowledge of the Event of Default or (2) written notice of such Event of Default shall have been given to the Trustee by the Company, any other obligor on such Securities or by any Holder of such Securities.

SECTION 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities (except the Trustee's certificates of authentication) and in any coupons shall be taken as the statements of the Company, and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities or coupons. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity may become the owner or pledgee of Securities and coupons and subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no if ability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel and any Authenticating Agent), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of, premium, if any, or interest, if any, on particular Securities.

SECTION 608. Disqualification: Conflicting Interest.

(a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, with respect to the Securities of any series, it shall within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign with respect to the Securities of that series in the manner and with the effect hereinafter specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of Subsection (a) of this Section with respect to the Securities of any series, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit, in the manner and to the extent provided in Section 703(c), to all Holders of Securities of that series notice of such failure.

(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to the Securities of any series if

(1) the Trustee is trustee under this Indenture with respect to the Outstanding Securities of any series other than that series or is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture, provided that there shall be excluded from the operation of this paragraph this Indenture with respect to the Securities of any series other than that series or any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding, if

(i) this Indenture and such other Indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of the Trust Indenture Act that differences exist between the provisions of this Indenture with respect to Securities of that series and one or more other series or the provisions of such other Indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to the Securities of that series and such other series or such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Securities or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company or is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and director or an executive officer, or both, of the Company but may not be at the same time an executive officer of both the Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company; and (iii) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depository, or in any similar capacity or, subject to the provisions of paragraph (1) of this Subsection, to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% or more of the voting securities, or 10% or more of any other class of security of the Company not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 5%, or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10%, or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) the Trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, in aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any

such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of the principal of (or premium, if any) or interest on any of the Securities when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection.

The specification of percentages in paragraphs (5) to (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient, to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (1) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent or depositary, or in any similar representative capacity.

(d) For the purposes of this Section:

(1) The term "underwriter," when used with reference to the Company, means every person who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" means any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or, beneficiaries are evidenced by a security.

(4) The term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or engagement of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Company" means any obligor upon the Securities.

(6) The term "executive officer" means the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount," when used in regard to securities means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

- (i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;
- (ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;
- (iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and
- (iv) securities held in escrow, if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges, provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes and provided, further, that, in the case of unsecured evidences of indebtedness differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$5,000,000 and subject to supervision or examination by Federal or State authority, including the District of Columbia, and qualified and eligible under this Article. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction or the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608(a) after written request therefor by the Company or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all Securities, or (ii) subject to Section 514, any Holder of a Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all other similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any

series shall have been so appointed by the Company or the Holders of Securities and accepted appointment in the manner required by Section 611, any Holder of a Security who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of such event by first-class mail, postage prepaid, to all Holders of Registered Securities, if any, of such series as, their names and addresses appear in the Security Register and, if Securities of such Series are issuable as Bearer Securities, by publishing notice of such event once in an Authorized Newspaper in each Place of Payment located outside the United States. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 611. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an Indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustees with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental Indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and

upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien-provided for in Section 607, with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise Qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 613. Preferential Collection of Claims Against Company.

(a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within four months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the Securities and coupons and the holders of other indenture securities, as defined in Subsection (c) of this Section:

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four months' period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claims as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right or the Trustee:

(A) to retain for its own account (1) payments made on account of any such claim by any Person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held its as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C) against the release of any property held as security for such claims as provided in paragraph (B) or (C) as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C), and (D), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders of Securities and the holders of other indenture securities in such manner that the Trustee, the Holders of Securities and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to

the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee and the Holders of Securities and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the federal Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders of Securities and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee and the Holders of Securities and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such four months' period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four months' period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist;

- (i) the receipt of property or reduction of claim, which would have given rise to the obligation to account, if such Trustee had continued as Trustee, occurred after the beginning of such four months' period; and

- (ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of this Section a creditor relationship arising from:

- (1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Holders of Securities at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; and

(6) the acquisition, ownership, acceptance, or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as defined in Subsection (c) of this Section.

(c) For purposes of this Section only:

(1) the term "default" means any failure to make payment in full of the principal of or interest on any of the Securities or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other Indenture securities" means securities upon which the Company is an obligor outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in such special account;

(3) the term "cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the

creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation;

(5) the term "Company" means any obligor upon the Securities; and

(6) the term "Federal Bankruptcy Act" means the Bankruptcy Act or Title 11 of the United States Code.

SECTION 614. Appointment of Authenticating Agent.

At any time when any of the Securities remain Outstanding the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$5,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign Immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such termination, or in case at any time such

Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall (i) mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Registered Securities, if any, of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register, and (ii) if Securities of the series are issuable as Bearer Securities, publish notice of such appointment at least once in an Authorized Newspaper, in the place where such successor Authenticating Agent has its principal office if such office is located outside the United States. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments in accordance with the provisions of Section 607.

The provisions of Sections 308, 604 and 605 shall be applicable to each Authenticating Agent.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Bank of Montreal Trust Company
As Trustee

By: _____
As Authenticating Agent

By: _____
Authorized Signatory

ARTICLE SEVEN

Holders' Lists and Reports by Trustee and Company

SECTION 701. Company to Furnish Trustee Names and Addresses by Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) semi-annually, not later than January 15 and July 15, in each year, a list, in such form as the Trustee may reasonably require, containing all the information in the possession or control of the Company, or any of its Paying Agents other than the Trustee, as to the names and addresses of the Holders of Securities as of the preceding December 31 or June 30, as the case may be, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished,

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 702. Preservation of Information: Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of Securities (i) contained in the most recent list furnished to the Trustee as provided in Section 701, (ii) received by the Trustee in its capacity as Security Registrar, (iii) filed with it within the two preceding years pursuant to Section 703(c)(2), and (iv) received by the Trustee in its capacity as Paying Agent (if so acting) hereunder. The Trustee may (i) destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished, (ii) destroy any information received by it as Paying Agent (if so acting) hereunder upon delivering to itself as Trustee, not earlier than January 15 or July 15, a list containing the names and addresses of the Holders of Securities obtained from such information since the delivery of the next previous list, if any, (iii) destroy any list delivered to itself as Trustee which was compiled from information received by it as Paying Agent (if so acting) hereunder upon the receipt of a new list so delivered, and (iv) destroy not earlier than two years after filing, any information filed with it pursuant to Section 703(c)(2).

(b) If three or more Holders of Securities (herein referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Securities with respect to their rights under this Indenture or under the Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 702(a), or

(ii) inform such applicants as to the approximate number of Holders of Securities whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of Securities whose name and address appear in the information preserved at the time by the Trustee in accordance with Section

702(a) a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the Holders of Securities or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders of Securities with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Securities or coupons, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders of Securities in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

SECTION 703. Reports by Trustee.

(a) Within 60 days after May 15 of each year commencing with the year 1989, the Trustee shall transmit by mail to the Holders of Securities, as provided in Subsection (c) of this Section, a brief report dated as of such May 15 with respect to:

(1) its eligibility under Section 609 and its qualifications under Section 608, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under said sections, a written statement to such effect:

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Securities Outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity, on the date of

such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in Section 613(b)(2), (3), (4) or (6);

(4) the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(5) any additional issue of Securities which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Securities or the Securities of any series, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with Section 602.

(b) The Trustee shall transmit to the Holders of Securities, as provided in Subsection (c) of this Section, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Securities Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section shall be transmitted by mail:

(1) to all Holders of Registered Securities, as the names and addresses of such Holders appear in the Security Register;

(2) to such Holders of Securities as have, within the two years preceding such transmission, filed their names and addresses with the Trustee for that purpose; and

(3) except in the case of reports pursuant to Subsection (b) of this Section, to each Holder of a Security whose name and address is preserved at the time by the Trustee, as provided in Section 702(a).

(d) A copy of each such report shall, at the time of such transmission to Holders of Securities, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

SECTION 704. Reports by the Company.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit within 30 days after the filing thereof with the Trustee, to the Holders of Securities. In the manner and to the extent provided in Section 703(c) with respect to reports pursuant to Section 703Ca). such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

Consolidation, Merger, Conveyance, Transfer or Lease

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless

(1) the corporation formed by any consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease complies with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 802. Successor Corporation Substituted.

Upon any consolidation by the Company with or merger by the Company into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Securities and coupons.

ARTICLE NINE

Supplemental Indentures

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders of Securities or coupons, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities and coupons; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Defaults; or

(4) to add to or change any of the provisions of this Indenture to provide that Bearer Securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal (or premium, if any) on Registered Securities or of principal (or premium, if any) or any Interest on Bearer Securities, to permit Registered Securities to be exchanged for Bearer Securities or to permit the

issuance of Securities in uncertificated form, provided any such action shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect; or

(5) to change or eliminate any of the provisions of this Indenture, provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(6) to secure the Securities; or

(7) to establish the form or terms of Securities of any series and any related coupons as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series, to contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Securities of any series as to which the predecessor Trustee is not retiring shall continue to be vested in the predecessor Trustee, and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611(b); or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect.

(10) to conform this Indenture to any amendments to the Trust Indenture Act.

SECTION 902. Supplemental Indentures with Consent of Holders.

The Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series and any related coupons under this Indenture, or with the consent of Holders of a majority in aggregate principal amount of the Outstanding Securities, if such supplemental indenture affects all of the series of Securities then outstanding under this Indenture, or with the consent of Holders of a majority in aggregate principal amount of the Outstanding Securities of any series specifically affected by such supplemental indenture in case one or more, but less than all, of the series of the Outstanding Securities under this Indenture are so affected; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security or coupon affected thereby,

(1) change the Stated Maturity of the principal of, or of any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the method of calculating the rate of interest thereon, or change any obligation of the Company to pay additional amounts pursuant to Section 1004 (except as contemplated by Section 801(1) and permitted by Section 901(1)), or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment in the United States where, or the coin or currency in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or reduce the requirements of Section 1304 for quorum or voting, or

(3) change any obligation of the Company to maintain an office or agency in each Place of Payment, or any obligation of the Company to maintain an office or agency outside the United States pursuant to Section 1002, or

(4) modify any of the provisions of this Section, Section 513 or Section 1010, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, provided, however, that this clause shall not be deemed to require the consent of any Holder of a Security or coupon with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 1009, or the deletion of this proviso, in accordance with the requirements of Sections 611(b) and 901(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders of Securities under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

The Company shall have the right to set a Record Date for the solicitation of any consents under this Article 9.

SECTION 903. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties, immunities or liabilities under this Indenture or otherwise except to the extent required in the case of a supplemental indenture entered into under Section 901(10).

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder and of any coupons appertaining thereto shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

Covenants

SECTION 1001. Payments of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest on the Securities of that series in accordance with the terms of the Securities, any coupons appertaining thereto and this Indenture. Any interest due of Bearer Securities on or before Maturity, other than additional amounts, if any payable as provided in Section 1004 in respect of principal of (or premium, if any, on) such a Security, shall be payable only upon presentation and surrender of the several coupons for such interest installments as are evidenced thereby as they severally mature.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series (but, except as otherwise provided below, unless such Place of Payment is located outside the United States, not Bearer Securities) may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and the Indenture may be served. The Company initially hereby appoints the Trustee, its office or agency for each of said purposes, if Securities of a series are Issuable as Bearer Securities, the Company will maintain, subject to any laws or regulations applicable thereto, an office or agency in a Place of Payment for such series which is located outside the United States where Securities of such series and the related coupons may be presented and surrendered for payment including payment of any additional amounts payable on Securities of such series pursuant to Section 1004; provided, however that if the Securities of such series are listed on The Stock Exchange of the United Kingdom and the Republic of Ireland or the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent in London or Luxembourg or any other required city located outside the United States, as the case may be, so long as the Securities of such series are listed on such exchange. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency in respect of any series of Securities or shall fail to furnish the Trustee with the address thereof, such presentations and surrenders of Securities of that series may be made and notices and demands may be made or served at the Corporate Trust Office of the Trustee, except that Bearer Securities of that series and the related coupons may be presented and surrendered for payment (including payment of any additional amounts payable on Bearer Securities of that series pursuant to Section 1004) at the place specified for the purpose pursuant to Section 301 or, if no such place is specified, at the main office of the Trustee in London, and the Company hereby appoints the Trustee as its agent to receive such respective presentations, surrenders, notices and demands.

No payment of principal, premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; provided, however, payment of principal of and any premium and interest in U.S. dollars (including additional amounts payable in respect thereof) on any Bearer Security may be made at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York if (but only if) payment of the full amount of such principal premium. Interest or additional amounts at all offices outside the United States maintained for the purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to

maintain an office or agency in each Plan of Payment in accordance with the requirements set forth above for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of (and premium, if any) or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and, (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal of (and premium, if any) or interest on the Securities of that series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

SECTION 1002. Maintenance of Office or Agency.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Security of any series and remaining unclaimed for three years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security or any coupon appertaining thereto shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper in each Place of Payment or mailed to each such Holder, or both, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Additional Amounts.

If the Securities of a series provide for the payment of additional amounts, the Company will pay to the Holder of any Security of any series or any coupon appertaining thereto additional amounts as provided therein. Whenever in this Indenture there is mentioned, in any context, the payment of principal of (or premium, if any) or interest on, or in respect of, any Security of any series or any related coupon or the net proceeds received on the sale or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of additional amounts provided for in this Section to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of additional amounts (if applicable) in any provisions hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

If the Securities of a series provide for the payment of additional amounts, at least 10 days prior to the first Interest Payment Date with respect to that series of Securities (or if the Securities of that series will not bear interest prior to Maturity, the first day on which a payment of principal (and premium, if any) is made), and at least 10 days prior to each date of payment of principal (and premium, if any) or interest if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company will furnish the Trustee and the Company's principal Agent or Paying Agents, if other than the Trustee, with an Officers' Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal of (and premium, if any) or interest on the Securities of that series shall be made to Holders of Securities of that series or the related coupons who are United States Aliens without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of that series, if any such withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities or coupons and the Company will pay to the Trustee or such Paying Agent the additional amounts required by this Section. The Company covenants to indemnify the Trustee and any Paying Agent, for and to hold them

harmless against, any loss, liability or expense reasonably incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section.

SECTION 1005. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and that of each Subsidiary and the rights (charter and statutory) and franchises of the Company and its Subsidiaries; provided, however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries considered as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1006. Maintenance of Properties.

The Company will cause all properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the sole judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties, or disposing of them if such discontinuance or disposal is, in the judgment of the Company or of the Subsidiary concerned, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders of Securities.

SECTION 1007. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 1008. Intentionally Omitted.

SECTION 1009. Statement as to Compliance.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year (which on the date hereof, ends on December 31), a written statement, signed by the Chairman, the President, or a Vice President and by the Treasurer, an Assistant Treasurer, the Controller or an Assistant Controller of the Company, stating, as to each signer thereof, that

(1) a review of the activities of the Company during such year and of performance under this Indenture has been made under his supervision, and

(2) to the best of his knowledge, based on such review, (a) the Company has fulfilled all its obligations under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status thereof, and (b) no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default, or, if such an event has occurred and is continuing, specifying each such event known to him and the nature and status thereof.

The Company will deliver to the Trustee within 30 days after the occurrence thereof written notice of any event which with the giving of notice and the lapse of time would become an Event of Default under clause (4) or (5) of Section 501.

SECTION 1010. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Sections 1006 and 1007 with respect to the Securities of any series if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

Redemption of Securities

SECTION 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of all of the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date. In case of any redemption at the election of the Company of less than all the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of Securities of

such series to be redeemed. In the case of any redemption of Securities (i) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, or (ii) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction or condition.

SECTION 1103. Selection by Trustee of Securities to be Redeemed.

If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Registered Securities of such series of a denomination larger than the minimum authorized denomination, for Securities of that series. Unless otherwise provided in the Securities of a series, partial redemptions must be in an amount not less than \$1,000,000 principal amount of Securities.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 1104. Notice of Redemption.

Notice of redemption shall be given in the manner provided in Section 106 to the Holders of Securities to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date.

All notices of redemption shall state:

- (1) the Redemption Date,
 - (2) the Redemption Price,
 - (3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed,
 - (4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date.
-

(5) the place or places where such Securities, together in the case of Bearer Securities with all coupons appertaining thereto, if any, maturing after the Redemption Date, are to be surrendered for payment of the Redemption Price, and

(6) that the redemption is for a sinking fund, if such is the case.

A notice of redemption published, as contemplated by Section 106 need not identify particular Registered Securities to be redeemed.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be redeemed, except to the extent provided below, shall be void. Upon surrender of any such security for redemption in accordance with said notice, together with all coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that installments of interest on Bearer Securities whose Stated Maturity is on or prior to the a Redemption Date shall be payable only upon presentation and surrender of coupons for such interest (at an office or agency located outside the United States except as otherwise provided in Section 1002), and provided, further, that installments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless, if thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made from the

Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside of the United States except as otherwise provided in Section 1002.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 1107. Securities Redeemed in Part.

Any Registered Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Registered Security or Securities of the same series, Stated Maturity and of any authorized denomination as requested by such holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

Sinking Funds

SECTION 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment." If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption), together in the case of any Bearer Securities of such series with all unmatured coupons appertaining thereto, and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as

provided for by the terms of such series, provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202 and stating the basis for such credit and that such Securities have not previously been so credited and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

ARTICLE THIRTEEN

Meetings of Holders of Securities

SECTION 1301. Purposes for Which Meetings May be Called.

If Securities of a series are issuable as Bearer Securities, a meeting of Holders of Securities of such series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, directions, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

SECTION 1302. Call Notice and Place of Meeting.

(a) The Trustee may at any time call a meeting of Holders of Securities of any series for any purpose specified in Section 1301, to be held at such time and at such place in the Borough of Manhattan, The City of New York, or in London as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given in the manner provided in Section 106, not less than 21 more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 1301, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be

held as provided herein, then the Company or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in London for such meeting and may call such meeting for such purposes by giving notice thereof as provided in Subsection (a) of this Section.

SECTION 1303. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 1304. Quorum; Action.

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series. In the absence of a Quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Except as provided by Section 1305(d), notice of the reconvening of any adjourned meeting shall be given as provided in Section 1302(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Except as limited by the proviso to Section 902, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted only by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Securities of that series; provided, however, that, except as limited by the proviso to Section 902, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of that series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related coupons, whether or not present or represented at the meeting.

SECTION 1305. Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of such series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of Inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(b) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 1302(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each \$1,000 principal amount of Securities of such series held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 1302 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting; and the meeting may be held as so adjourned without further notice.

SECTION 1306. Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their Representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, at least in triplicate, of the proceedings of each meeting of Holders of Securities of any series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors

of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1302 and, if applicable, Section 1304. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute hut one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

BOSTON EDISON COMPANY

By: /s/ Marc S. Alpert

Title: Vice President and Treasurer

Attest:

/s/ Therese Gaballah

Bank of Montreal Trust Company
Trustee

By: /s/ Kevin O. Healey

Title: Vice President

Commonwealth of Massachusetts)
) ss.:

County of Suffolk)

On the 8th day of September, 1988, before me personally came Marc S. Alpert, to be known, who, being by me duly sworn, did depose and say that he is Vice President and Treasurer of Boston Edison Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and the he signed his name thereto by like authority.

/s/ illegible
Notary Public

Commonwealth of Massachusetts)
) ss:

County of Suffolk)

On the 8th day of September, 1988, before me personally came Theodora S. Convisser, to me known, who, being by me duly sworn, did depose and say that she is the clerk of Boston Edison Company, one of the corporations described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and the she signed her name thereto by like authority.

/s/ illegible
Notary Public

[illegible]

On the 8th day of September, 1988, before me personally came Kevin O. Healey, to be known, who, being by me duly sworn, did depose and say that he is Vice President and Trust Officer of Bank of Montreal Trust Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and the he signed his name thereto by like authority.

/s/ Beverly Cano
Notary Public

) ss.:
County of New York)

On the 8th day of September, 1988, before me personally came Therese Gaballah, to me known, who, being by me duly sworn, did depose and say that she is an Assistant Secretary of Bank of Montreal Trust Company, one of the corporations described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and the she signed her name thereto by like authority.

/s/ Beverly Cano
Notary Public

Published CUSIP Numbers: 67020NAF1 (Facility)
67020NAE4 (Revolver)

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of December 8, 2017

among

NSTAR ELECTRIC COMPANY
(DOING BUSINESS AS EVERSOURCE ENERGY),
as the Borrower,

BARCLAYS BANK PLC,
as Administrative Agent and Swing Line Lender,

and

THE OTHER LENDERS PARTY HERETO

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
BARCLAYS BANK PLC,
CITIGROUP GLOBAL MARKETS INC.,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
WELLS FARGO SECURITIES, LLC,
MIZUHO BANK, LTD.,
TD SECURITIES (USA) LLC
and
U.S. BANK NATIONAL ASSOCIATION,
as Joint Lead Arrangers and Joint Bookrunners

BANK OF AMERICA, N.A.,
as Syndication Agent

CITIBANK, N.A.,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
WELLS FARGO BANK, NATIONAL ASSOCIATION,
MIZUHO BANK, LTD.,
TD BANK, N.A.
and
U.S. BANK NATIONAL ASSOCIATION,
as Co-Documentation Agents

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AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT is entered into as of December 8, 2017 among NSTAR Electric Company, a Massachusetts corporation doing business as Eversource Energy (the “Borrower”), the Lenders (defined herein) and

BARCLAYS BANK PLC, as Administrative Agent and Swing Line Lender.

The Borrower has requested that the Lenders provide \$650,000,000 in revolving credit facilities for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

This Agreement is given in amendment to, restatement of and substitution for the Existing Credit Agreement (as hereinafter defined).

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

Article I.

DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

“Additional Arranger Fee Letter” means the letter agreement, dated as of December 1, 2017 among Eversource, the Borrower, Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Wells Fargo Securities, LLC, Mizuho Bank, Ltd., TD Securities (USA) LLC and U.S. Bank National Association.

“Additional Commitment Lender” has the meaning specified in Section 2.17(d).

“Administrative Agent” means Barclays in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.02 or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Revolving Commitments” means the Revolving Commitments of all the Lenders. The aggregate principal amount of the Aggregate Revolving Commitments in effect on the Effective Date is SIX HUNDRED FIFTY MILLION DOLLARS (\$650,000,000).

“Agreement” means this Amended and Restated Credit Agreement.

“Applicable Margin” means, with respect to Revolving Loans, Swing Line Loans and the Facility Fee, for any day, the following percentages per annum in effect on such day, based upon the Reference Rating of the Borrower:

Pricing Level	Reference Rating	Eurodollar Rate Loans	Base Rate Loans	Facility Fee
1	≥A+/A1	0.800%	0.000%	0.075%
2	A/A2	0.900%	0.000%	0.100%
3	A-/A3	1.000%	0.000%	0.125%
4	BBB+/Baa1	1.075%	0.075%	0.175%
5	BBB/Baa2	1.275%	0.275%	0.225%
6	≤BBB-/Baa3	1.475%	0.475%	0.275%

Any increase or decrease in the Applicable Margin resulting from a change in any Reference Rating shall take effect at the time of such change in such Reference Rating. For purposes of the foregoing, (x) in the case of a split in the Reference Ratings of one level, the higher level shall apply, (y) in the case of a split in the Reference Ratings of more than one level, the Reference Rating that is one level lower than the higher level shall apply, and (z) if there is no Reference Rating then the rating Pricing Level 6 shall apply.

“Applicable Percentage” means with respect to any Lender at any time, the percentage of the Aggregate Revolving Commitments represented by such Lender’s Revolving Commitment at such time, subject to adjustment as provided in Section 2.15; provided that if the commitment of each Lender to make Revolving Loans has been terminated in its entirety pursuant to Section 9.02 or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable

Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Approving Lenders” has the meaning specified in Section 2.17(e).

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit 11.06(b) or any other form approved by the Administrative Agent.

“Audited Financial Statements” means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal years ended December 31, 2014, December 31, 2015 and December 31, 2016 and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of such Person, including the notes thereto, audited by independent public accountants of recognized national standing and prepared in conformity with GAAP.

“Availability Period” means, with respect to the Revolving Commitments, the period from and including the Effective Date to the earliest of (a) the Revolving Loan Maturity Date and (b) the date of termination in full of the remaining unused portion of the Aggregate Revolving Commitments pursuant to Section 2.06.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank of America” means Bank of America, N.A. and its successors.

“Barclays” means Barclays Bank PLC and its successors.

“Barclays Agency Fee Letter” means the letter agreement, dated as of December 8, 2017 among the Borrower and Barclays.

“Bank of America and Barclays Fee Letter” means the letter agreement, dated as of November 3, 2017 among Eversource, the Borrower, Bank of America, Barclays and MLPFS.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus one-half of one percent (0.50%), (b) the “prime rate” and (c) the Eurodollar Rate for an Interest Period of one (1) month plus one percent (1.00%), and if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. The “prime rate” is the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent).

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” has the meaning specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 7.02.

“Borrower Secured Debt” has the meaning specified in the definition of “Reference Ratings”.

“Borrower Unsecured Debt” has the meaning specified in the definition of “Reference Ratings”.

“Borrowing” means each of the following: (a) a borrowing of Swing Line Loans pursuant to Section 2.04 and (b) a borrowing consisting of simultaneous Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by

each of the Lenders pursuant to Section 2.01.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located or New York and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent or Swing Line Lender (as applicable) and the Lenders, as collateral for Obligations in respect of Swing Line Loans or obligations of Lenders to fund participations in respect of Swing Line Loans, cash or deposit account balances or, if the Swing Line Lender benefitting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) the Swing Line Lender. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Certifying Officer” has the meaning specified in Section 7.02(b).

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means the occurrence of any of the following events,

(a) (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) either (A) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire (such right, an “option right”), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than fifty percent (50%) of the Equity Interests of Eversource entitled to vote for trustees of Eversource or equivalent governing body of Eversource on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) or (B) obtains the power (whether or not exercised) to elect a majority of Eversource’s trustees; or

(ii) the board of trustees of Eversource shall not consist of a majority of Continuing Trustees. For purposes of this definition, the term “Continuing Trustees” means trustees of Eversource on the date hereof and each other trustee of Eversource, if such other trustee’s nomination for election to the board of trustees of Eversource is recommended by a majority of the then Continuing Trustees.

(b) Eversource shall cease to own and control, of record and beneficially, free and clear of all Liens except for Liens permitted under Section 8.01 of the Eversource Credit Agreement, one hundred percent (100%) of the outstanding Equity Interests of the Borrower entitled to vote (currently exercisable in the case of any preferred Equity Interests) for the election of directors; or

(c) the Borrower shall cease to own and control, of record and beneficially, free and clear of all Liens except for Liens permitted under Section 8.01, eighty-five percent (85%) of the outstanding Equity Interests entitled to vote (currently exercisable in the case of any preferred Equity Interests) for the election of directors of any Principal Subsidiary.

“Compliance Certificate” has the meaning specified in Section 7.02(b).

“Consolidated Capitalization” means, at any date of determination, the sum of (a) Consolidated Indebtedness of the Borrower, (b) the aggregate of the par value of, or stated capital represented by, the outstanding shares of all classes of common and preferred shares of the Borrower and its Subsidiaries excluding, however, from such calculation, amounts identified as “Accumulated Other Comprehensive Income (Loss)” in the financial statements of the Borrower set forth in the Borrower’s Report on Form 10-K or 10-Q, as the case may be, most recently filed with the SEC prior to the date of such determination and (c) the consolidated surplus of the Borrower and its Subsidiaries, paid-in, earned and other capital, if any, in each case as determined on a consolidated basis in accordance with GAAP.

“Consolidated Indebtedness” means Indebtedness of the Borrower and its Subsidiaries on a consolidated basis determined in accordance with GAAP, excluding, however, from such calculation, (a) in the case of Refinancing Indebtedness, any amounts as to which the Borrower or its Subsidiaries have, (i) in accordance with the terms of the applicable agreements, and on or prior to the date of incurring such Refinancing Indebtedness, sent the holders of the Indebtedness to be refinanced, or their trustee, as applicable, a notice of redemption and (ii) within fourteen (14) days after incurrence of such Refinancing Indebtedness, segregated with the trustee therefor or with such other financial institution as may be acceptable to the Administrative Agent, in accordance with the terms of the applicable agreements relating to such Indebtedness, sufficient funds to redeem such Indebtedness and fully discharge the Borrower’s obligations with respect thereto.

“Consolidated Indebtedness to Capitalization Ratio” means, as of any date of determination, the ratio of (a) Consolidated Indebtedness to (b) Consolidated Capitalization.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote ten percent (10%) or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate equal to (a) the Base Rate plus (b) the Applicable Margin, if any, applicable to Base Rate Loans plus (c) two percent (2%) per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan plus two percent (2%) per annum, in each case to the fullest extent permitted by applicable Laws.

“Defaulting Lender” means any Lender, as determined by the Administrative Agent, that (a) has failed to perform any of its funding obligations hereunder, including in respect of its Revolving Loans or participations in respect of Swing Line Loans, within three (3) Business Days of the date required to be funded by it hereunder, unless (other than in respect of fundings of participations of Swing Line Loans) such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) has notified the Borrower or the Administrative Agent that it does not intend to comply with its funding obligations hereunder or has made a public statement to that effect with respect to its funding obligations hereunder (unless (other than in respect of fundings of participations of Swing Line Loans) such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied) or under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment or (iv) become the subject of a Bail-In Action; provided, that, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interests in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Such Lender shall cease to be a Defaulting Lender when the provisions of Section 2.15(b) shall have been satisfied.

“Designated Jurisdiction” means any country, region or territory to the extent that such country, region or territory is the subject of any Sanction.

“Disclosure Documents” means for the Borrower and each Principal Subsidiary, as applicable: (a) such Person’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016; (b) its Quarterly Report on Form 10-Q for the fiscal quarter ended

September 30, 2017; and (c) such Person's Current Reports on Form 8-K filed after December 31, 2016 but prior to the date hereof.

"Dollar" and "\$" mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any state of the United States or the District of Columbia.

"DPU" means the Massachusetts Department of Public Utilities and any successor agency thereto.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date hereof.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.06(b)(ii) and (iv) (subject to such consents, if any, as may be required under Section 11.06(b)(ii)).

"Environmental Laws" means any and all federal, state, local, foreign and other applicable statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Sections 4041 of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042(a)(1)-(a)(3) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Internal Revenue Code or Sections 303, 304 and 305 of ERISA in a manner that would affect the Borrower's ability to perform its Obligations hereunder; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate in a manner that would affect the Borrower's ability to perform its Obligations hereunder.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurodollar Base Rate” means, for any Interest Period with respect to any Eurodollar Rate Loan, (a) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the London interbank offered rate (such page currently being the LIBOR01 page) (the “LIBO Rate”) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the LIBO Rate for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if any such rate determined pursuant to the preceding clauses (a) or (b) is less than zero, the Eurodollar Base Rate will be deemed to be zero.

“Eurodollar Rate” means (a) for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (i) the Eurodollar Base Rate for such Eurodollar Rate Loan for such Interest Period by (ii) one minus the Eurodollar Reserve Percentage for such Eurodollar Rate Loan as in effect from time to time during such Interest Period and (b) for any day with respect to any Base Rate Loan bearing interest at a rate based on the Eurodollar Rate, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (i) the Eurodollar Base Rate for such Base Rate Loan for such day by (ii) one minus the Eurodollar Reserve Percentage for such Base Rate Loan for such day.

“Eurodollar Rate Loan” means a Loan that bears interest at a rate based on clause (a) of the definition of “Eurodollar Rate”.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurodollar Rate for each outstanding Eurodollar Rate Loan and for each outstanding Base Rate Loan the interest on which is determined by reference to the Eurodollar Rate, in each case, shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“Event of Default” has the meaning specified in Section 9.01.

“Eversource” means Eversource Energy, an unincorporated voluntary business association organized under the laws of the Commonwealth of Massachusetts.

“Eversource Credit Agreement” means that certain Amended and Restated Credit Agreement dated as of the date hereof by and among Eversource, NSTAR Gas Company, a Massachusetts corporation, The Connecticut Light and Power Company, a Connecticut corporation, Public Service Company of New Hampshire, a New Hampshire corporation, Western Massachusetts Electric Company, a Massachusetts corporation, and Yankee Gas Services Company, a Connecticut corporation, as borrowers, the lenders party thereto and Bank of America, as administrative agent, as amended or modified from time to time.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) Taxes imposed on or measured by its overall income (however denominated), and franchise (and similar) Taxes imposed on it (in lieu of income Taxes), (i) by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located or (ii) as a result of a present or former connection between such recipient and the jurisdiction of the Governmental Authority imposing such Tax (other than a connection arising solely from such recipient having executed, delivered, become a party to, perform its obligations under, received a payment under, received or perfected a security interest under or engaged in any other transaction pursuant to or enforced under any Loan Document), (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction in which the Borrower is located, (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 11.13), any United States withholding Tax that is required to be imposed on amounts payable to such Foreign Lender pursuant to the Laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office or changes its place of organization), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment) or change in its place of organization, to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to Section 3.01(a)(i) or (c), (d) Taxes attributable to such recipient’s failure or inability to comply with Section 3.01(e) and (e) any U.S. federal withholding taxes imposed under FATCA.

“Existing Credit Agreement” means that certain Amended and Restated Credit Agreement dated October 26, 2015 by and among the Borrower, the lenders party thereto and Barclays, as administrative agent.

“Facility Fee” has the meaning set forth in Section 2.09(a).

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any intergovernmental agreements entered into pursuant to such provisions of the Internal Revenue Code.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Barclays on such day on such transactions as determined by the Administrative Agent.

“Fee Letters” means the Bank of America and Barclays Fee Letter, the Additional Arranger Fee Letter and the Barclays Agency Fee Letter.

“FERC” means the Federal Energy Regulatory Commission or any successor agency thereto.

“Financing Agreements” has the meaning specified in Section 8.09.

“Foreign Lender” means any Lender that is not a U.S. Person.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender, with respect to the Swing Line Lender, such Defaulting Lender’s Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, consistently applied and as in effect from time to time.

“Governmental Approval” means any authorization, consent, approval, license, permit, certificate, exemption of, or filing or registration with, any governmental authority or other legal regulatory body (including, without limitation, the SEC, FERC, the Nuclear Regulatory Commission, the Connecticut Public Utility Regulatory Authority, the New Hampshire Public Utilities Commission and the DPU) required in connection with (i) the execution, delivery or performance of any Loan Document, or (ii) the nature of the Borrower’s or any Subsidiary’s business as conducted or the nature of the property owned or leased by it.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature identified as hazardous, dangerous or toxic and regulated pursuant to any Environmental Law.

“Indebtedness” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money or for the deferred purchase price of property or services other than trade accounts payable, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments (excluding Stranded Cost Recovery Obligations that are non-recourse to such Person), (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations under leases that shall have been or should be, in accordance with GAAP, recorded as capital leases in respect of which such Person is liable as lessee, (e) liabilities in respect of unfunded vested benefits incurred under any Multiemployer Plan that is reasonably likely to result in a direct obligation of the Borrower to pay money, (f) reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers acceptances, surety or other bonds and similar instruments that are not cash collateralized, (g) all Indebtedness of others secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person, up to the greater of (x) the extent of the book value of any such asset so pledged and (y) the amount of any liability of such Person for any deficiency

and (h) obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to above.

“Indemnified Taxes” means (a) Taxes other than Excluded Taxes imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) Other Taxes.

“Indemnitees” has the meaning specified in Section 11.04(b).

“Information” has the meaning specified in Section 11.07.

“Interest Payment Date” means (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Revolving Loan Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three (3) months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Revolving Loan Maturity Date.

“Interest Period” means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one (1), two (2), three (3) or six (6) months thereafter (in each case, subject to availability), as selected by the Borrower in its Revolving Loan Notice, or such other period that is twelve months or less requested by the Borrower and consented to by all of the applicable Lenders, provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period with respect to any Revolving Loan shall extend beyond the Revolving Loan Maturity Date.

“Interim Financial Statements” has the meaning set forth in Section 5.01(c)(ii).

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Internal Revenue Service” means the United States Internal Revenue Service.

“Joint Lead Arrangers” means, collectively, MLPFS, Barclays, Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Wells Fargo Securities, LLC, Mizuho Bank, Ltd., TD Securities (USA) LLC and U.S. Bank National Association, in their capacities as joint lead arrangers and joint bookrunners, in each case together with their respective successors and assigns.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case having the force of law.

“Lenders” means each of the Persons identified as a “Lender” on the signature pages hereto and their successors and assigns and, as the context requires, includes the Swing Line Lender.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” means an extension of credit by a Lender to the Borrower under Article II in the form of a Revolving Loan or Swing Line Loan.

“Loan Documents” means this Agreement, each Note and any agreement creating or perfecting rights in Cash Collateral

pursuant to the provisions of Section 2.14 of this Agreement.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Long-Term Indebtedness Approvals” has the meaning specified in the definition of “Revolving Loan Maturity Date”.

“Material Adverse Effect” means, with respect to the Borrower, (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under the Loan Documents or of the ability of the Borrower to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party.

“MLPFS” means Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation’s or any of its subsidiaries’ investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement).

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Non-Consenting Lender” has the meaning set forth in Section 11.13.

“Non-Extending Lender” has the meaning specified in Section 2.17(b).

“Note” or “Notes” means the Revolving Notes or the Swing Line Note, individually or collectively, as appropriate.

“Notice Date” has the meaning specified in Section 2.17(b).

“Obligations” means, without duplication, all of the obligations of the Borrower to the Lenders and the Administrative Agent, whenever arising, under this Agreement, any Notes or any of the other Loan Documents.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document. For the avoidance of doubt, “Other Taxes” shall not include any Excluded Taxes.

“Outstanding Amount” means with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of any Loans occurring on such date.

“Participant” has the meaning specified in Section 11.06(d).

“Participant Register” has the meaning specified in Section 11.06(d).

“PBGC” means the Pension Benefit Guaranty Corporation or any successor thereto.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Internal Revenue Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in Section 412, 430, 431, 432 and 436 of the Internal Revenue Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) that is maintained or is contributed to by the Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to minimum funding standards under Section 412 of the Internal Revenue Code.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Platform” has the meaning specified in Section 7.02.

“Prepayment Notice” means a notice of prepayment pursuant to Section 2.05(a), which shall be substantially in the form of Exhibit 2.05 or such other form as may be reasonably approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Principal Subsidiary” means (a) any Subsidiary that during any fiscal quarter, with respect to the Borrower and its Subsidiaries taken as a whole, represents at least (i) ten percent (10%) of the Borrower’s consolidated assets (calculated as an average of such consolidated assets over the preceding four fiscal quarters) and (ii) ten percent (10%) of the Borrower’s consolidated net income (or loss) (calculated as a sum of such net income (or loss) over the preceding four fiscal quarters), whether such Subsidiary is owned directly or indirectly by the Borrower or (b) any Person deemed to be a “Principal Subsidiary” pursuant to Section 8.02.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lender” has the meaning specified in Section 7.02.

“Recipient” means the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder.

“Reference Ratings” means the rating(s) assigned by S&P and/or Moody’s to the long-term senior unsecured non-credit enhanced debt (the “Borrower Unsecured Debt”) of the Borrower; provided, that:

(a) if neither S&P nor Moody’s maintains a rating on the Borrower Unsecured Debt of the Borrower because no such Borrower Unsecured Debt is outstanding, then the “Reference Ratings” shall be based on the rating(s) assigned by S&P and/or Moody’s to the long-term senior secured debt (the “Borrower Secured Debt”) of the Borrower, but such rating(s) shall be deemed to be one rating category lower than the rating assigned to the Borrower Secured Debt by S&P or Moody’s for purposes of determining the Pricing Level as set forth in the definition of “Applicable Margin” (e.g. a Borrower Secured Debt of AA-/Aa3 shall be deemed to be A+/A1 and a Borrower Secured Debt of A-/A3 shall be deemed to be BBB+/Baa1).

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

“Refinancing Indebtedness” means Consolidated Indebtedness incurred for the purpose of refinancing existing Consolidated Indebtedness.

“Register” has the meaning specified in Section 11.06(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

“Request for Borrowing” means (a) with respect to a Borrowing, conversion or continuation of Revolving Loans, a Revolving Loan Notice and (b) with respect to a Swing Line Loan, a Swing Line Loan Notice.

“Required Lenders” means, at any time, Lenders having Total Credit Exposures representing more than fifty percent (50%) of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time; provided that the amount of any participation in any Swing Line Loan that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the Swing Line Lender in making such determination.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of the Borrower and, solely for purposes of the delivery of certificates pursuant to Section 5.01, the secretary or any assistant secretary of the Borrower. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Borrower

and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

“Revolving Commitment” means, as to each Lender, its obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01 and (b) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“Revolving Credit Exposure” means, as to any Lender at any time, the sum of (i) the aggregate Outstanding Amount of such Lender’s Revolving Loans at such time plus (ii) such Lender’s Applicable Percentage of the Outstanding Amount of all Swing Line Loans at such time.

“Revolving Loan” has the meaning specified in Section 2.01.

“Revolving Loan Notice” means a notice of (a) a Borrowing of Revolving Loans, (b) a conversion of Revolving Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, in each case pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit 2.02(a) or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Revolving Loan Maturity Date” means (a) the later of (i) December 8, 2022 and (ii) with respect to some or all of the Lenders if the Revolving Loan Maturity Date is extended pursuant to Section 2.17, such extended Revolving Loan Maturity Date or (b) such earlier date on which the Loans are due and payable pursuant to the terms of this Agreement; provided, that if the Borrower is unable to obtain all required Governmental Approvals, such approvals to be reasonably satisfactory to the Administrative Agent, for the Borrower’s incurrence of indebtedness payable more than one (1) year from the incurrence thereof (“Long-Term Indebtedness Approvals”) prior to the initial making of any Loan hereunder, then the Revolving Loan Maturity Date for the Borrower shall be the date that is the 364th day to occur following the date of the initial Borrowing by the Borrower hereunder (the “364-Day Maturity Date”), provided that in no event shall the 364-Day Maturity Date be later than the Revolving Loan Maturity Date set forth in clause (a) above; provided further that if the Borrower shall obtain such Long-Term Indebtedness Approvals prior to the 364-Day Maturity Date, then, at the request of the Borrower and provided that (x) no Default or Event of Default exists with respect to the Borrower and (y) the representations and warranties of the Borrower contained in Article VI (other than Sections 6.05(c) and 6.06) or in any other Loan Document shall be true and correct in all material respects on and as of the date, such 364-Day Maturity Date shall automatically extend to the extent permitted by such Governmental Approval but in no event later than the Revolving Loan Maturity Date set forth in clause (a) above.

“Revolving Note” has the meaning specified in Section 2.11(a).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of McGraw-Hill Financial Inc., and any successor thereto.

“Sanctions” means any international economic sanction administered or enforced by the United States government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Solvent” or “Solvency” means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, including contingent obligations as they mature, (b) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute unreasonably small capital, (c) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person and (d) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Stranded Cost Recovery Obligations” means, with respect to any Person, such Person’s obligations to make principal, interest or other payments to the issuer of stranded cost recovery bonds pursuant to a loan agreement or similar arrangement whereby the issuer has loaned the proceeds of such bonds to such Person.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement, but excluding in all instances obligations under default service and standard offer power supply agreements entered into in the ordinary course of business.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Swing Line Lender” means Barclays in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.04(a).

“Swing Line Loan Notice” means a notice of a Borrowing of Swing Line Loans pursuant to Section 2.04(b), which shall be substantially in the form of Exhibit 2.04(b) or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Swing Line Note” has the meaning specified in Section 2.11(a).

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$50,000,000 and (b) the Aggregate Revolving Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing arrangement whereby the arrangement is considered borrowed money indebtedness for tax purposes but is classified as an operating lease or does not otherwise appear on a balance sheet under GAAP.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Threshold Amount” means \$50,000,000.

“364-Day Maturity Date” has the meaning specified in the definition of “Revolving Loan Maturity Date”.

“Total Credit Exposure” means, as to any Lender at any time, the unused Revolving Commitments and Revolving Credit Exposure of such Lender at such time.

“Total Revolving Outstandings” means the aggregate Outstanding Amount of all Revolving Loans and all Swing Line Loans.

“Type” means, with respect to any Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“United States” and “U.S.” mean the United States of America.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Internal Revenue Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(III).

“Voting Stock” means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

“WMECO” means Western Massachusetts Electric Company, a Massachusetts corporation.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all real and personal property and tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Generally. Except as otherwise specifically prescribed herein, all accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements; provided, however, that calculations of attributable Indebtedness under any Synthetic Lease or the implied interest component of any Synthetic Lease shall be made by the Borrower in accordance with accepted financial practice and consistent with the terms of such Synthetic Lease.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

(c) FASB ASC 825 and FASB ASC 470-20. Notwithstanding the above, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at one hundred percent (100%) of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

1.04 Rounding.

Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Rates.

The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of "Eurodollar Rate" or with respect to any comparable or successor rate thereto.

ARTICLE II.

THE COMMITMENTS AND BORROWINGS

2.01 Revolving Commitments.

Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Revolving Loan") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Borrowing of Revolving Loans, (a) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (b) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment. Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01. Revolving Loans may be Base Rate Loans or Eurodollar Rate Loans, or a combination thereof, as further provided herein, provided, however, all Borrowings made on the Effective Date shall be made as Base Rate Loans.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by (a) a Revolving Loan Notice or (b) telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three (3) Business Days prior to the requested date of any Borrowing of, conversion to or continuation of, Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans prior to the end of the applicable Interest Period, and (ii) on the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a Revolving Loan Notice. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Except as provided in Section 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Revolving Loan Notice and each telephonic notice shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of a Loan in a Revolving Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any Revolving Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Revolving Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans as described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Revolving Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 5.02 (and, if such Borrowing is the initial Borrowing, Section 5.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Barclays with the amount of such funds or (ii) wire transfer of such funds, in each case

in accordance with instructions provided to (and acceptable to) the Administrative Agent by the Borrower.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in Barclays' prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than eight (8) Interest Periods in effect with respect to all Loans.

2.03 [Reserved].

2.04 Swing Line Loans.

(a) Swing Line Facility. Subject to the terms and conditions set forth herein, the Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this Section 2.04, shall make loans (each such loan, a "Swing Line Loan") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment, and provided, further, that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Borrowing of Swing Line Loans shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by (a) a Swing Line Loan Notice or (b) telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 2:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum principal amount of \$500,000 and integral multiples of \$100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a Swing Line Loan Notice. Promptly after receipt by the Swing Line Lender of any Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Borrowing of Swing Line Loans (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article V is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole discretion may request, on behalf of the Borrower (which hereby irrevocably requests and authorizes the Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Revolving Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the conditions set forth in Section 5.02 (other than the delivery of a Revolving Loan Notice) and provided that, after giving effect to such Borrowing, the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Revolving Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Revolving Loan Notice available to the Administrative Agent in immediately available funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in

such Revolving Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Borrowing of Revolving Loans in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right that such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Revolving Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 5.02. No such purchase or funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination thereof.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until each Lender funds its Revolving Loans that are Base Rate Loans or risk participation pursuant to this Section 2.04 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments.

(a) Voluntary Prepayments.

(i) Revolving Loans. The Borrower may, upon delivery of a Prepayment Notice from the Borrower to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Loans, in whole or in part without premium or penalty; provided that (A) such Prepayment Notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three (3) Business Days prior to any date of prepayment of Eurodollar Rate Loans (prior to the end of an applicable Interest Period) and (2) on the date of prepayment of Base Rate Loans; (B) any such prepayment of Eurodollar Rate Loans shall be in a principal amount of \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof

(or, if less, the entire principal amount thereof then outstanding); and (C) any prepayment of Base Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding). Each such Prepayment Notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such Prepayment Notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such Prepayment Notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such Prepayment Notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.15, each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages.

(ii) Swing Line Loans. The Borrower may, upon delivery of a Prepayment Notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (A) such Prepayment Notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (B) any such prepayment shall be in a minimum principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof (or, if less, the entire principal thereof then outstanding). Each such Prepayment Notice shall specify the date and amount of such prepayment. If such Prepayment Notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such Prepayment Notice shall be due and payable on the date specified therein.

(b) Mandatory Prepayments of Loans.

(i) Revolving Commitments. If for any reason the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect, the Borrower shall immediately prepay Revolving Loans and/or the Swing Line Loans in an aggregate amount equal to such excess.

(ii) Application of Mandatory Prepayments. All amounts required to be paid pursuant to Section 2.05(b)(i) shall be applied ratably to Revolving Loans and Swing Line Loans. Within the parameters of the applications set forth above, prepayments shall be applied first to Base Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.05(b) shall be subject to Section 3.05, but otherwise without premium or penalty, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

2.06 Termination or Reduction of Aggregate Revolving Commitments.

(a) Optional Reductions. The Borrower shall have the right, upon at least three (3) Business Days' notice to the Administrative Agent, to terminate in whole or, upon same day notice, from time to time to permanently reduce ratably in part the unused portion of the Aggregate Revolving Commitments; provided that each partial reduction shall be in the aggregate amount of \$5,000,000 or in an integral multiple of \$1,000,000 in excess thereof. Each such notice of termination or reduction shall be irrevocable; provided, further, that, if, after giving effect to any reduction, the Swing Line Sublimit exceeds the amount of the Aggregate Revolving Commitments, such sublimit shall be automatically reduced by the amount of such excess. Any Aggregate Revolving Commitment reduced or terminated pursuant to this Section may not be reinstated.

(b) Notice. The Administrative Agent will promptly notify the Lenders of any termination or reduction of the Swing Line Sublimit or the Aggregate Revolving Commitments under this Section 2.06. Upon any reduction of the Aggregate Revolving Commitments, the Revolving Commitment of each Lender shall be reduced by such Lender's Applicable Percentage of such reduction amount. All fees in respect of the Aggregate Revolving Commitments accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

2.07 Repayment of Loans.

(a) Revolving Loans. The Borrower shall repay to the Lenders on the Revolving Loan Maturity Date the aggregate principal amount of all Revolving Loans outstanding on such date.

(b) Swing Line Loans. The Borrower shall repay each Swing Line Loan on the earlier to occur of (i) the date within one (1) Business Day of demand therefor by the Swing Line Lender and (ii) the Revolving Loan Maturity Date.

2.08 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin, (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin and (iii) each

Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, all outstanding Obligations shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(i) If any amount (other than principal of any Loan) is not paid when due (after giving effect to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees.

(a) Facility Fee. The Borrower shall pay to the Administrative Agent, for the account of each Lender in accordance with its Applicable Percentage, a facility fee (the "Facility Fee") at a rate per annum equal to the product of (i) the Facility Fee rate specified in the definition of "Applicable Margin" times (ii) the Aggregate Revolving Commitments. The Facility Fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article V is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Effective Date, and on the Revolving Loan Maturity Date; provided, that each Defaulting Lender shall be entitled to receive fees payable under this Section 2.09(a) for any period during which that Lender is a Defaulting Lender only to extent allocable to the outstanding principal amount of the Loans funded by it. The Facility Fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Margin during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect.

(b) Fee Letters. The Borrower shall pay to the Joint Lead Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letters. Such fees shall be fully earned when paid and shall be non-refundable for any reason whatsoever.

2.10 Computation of Interest and Fees.

All computations of interest for Base Rate Loans determined by reference to clause (b) of the definition of "Base Rate" in Section 1.01 shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest (including without limitation computations of interest for Base Rate Loans determined by reference to clauses (a) and (c) of the definition of "Base Rate" in Section 1.01) shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.11 Evidence of Debt.

(a) The Borrowings made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Borrowings made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Loans. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall (i) in the case of Revolving Loans, be in the form of Exhibit 2.11(a)-1 (a "Revolving Note") and (ii) in the case of Swing Line Loans, be in the form of Exhibit 2.11(a)-2 (a "Swing Line Note"). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and

maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Subject to the definition of "Interest Period", if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of any Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(i) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Borrowing set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall promptly return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in

Swing Line Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 11.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders.

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in Swing Line Loans held by it (excluding any amounts applied by the Swing Line Lender to outstanding Swing Line Loans) resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(a) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(b) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) the application of Cash Collateral provided for in Section 2.14 or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations Swing Line Loans to any assignee or participant, other than an assignment to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

2.14 Cash Collateral.

(a) Certain Credit Support Events. At any time that there shall exist a Defaulting Lender, immediately upon the request of the Administrative Agent or the Swing Line Lender, the Borrower shall deliver to the Administrative Agent Cash Collateral in an amount sufficient to cover all Fronting Exposure (after giving effect to Section 2.15(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at the Administrative Agent. The Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent and the Lenders (including the Swing Line Lender) and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.14(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure and other obligations secured thereby, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.14, Section 2.04, or Section 2.15 in respect of Swing Line Loans shall be held and applied in satisfaction of the specific Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender) or (ii) the Administrative

Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of the Borrower shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.14 may be otherwise applied in accordance with Section 9.03) and (y) the Person providing Cash Collateral and the Swing Line Lender may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.15 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendment. The Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 11.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amount received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article IX or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 11.08), shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the Swing Line Lender hereunder; third, if so determined by the Administrative Agent or requested by the Swing Line Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swing Line Loan; fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; sixth, to the payment of any amounts owing to the Lenders, the Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Swing Line Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and eighth, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided, that, if (x) such payment is a payment of the principal amount of any Loans in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made at a time when the conditions set forth in Section 5.02 were satisfied or waived, such payment shall be applied solely to the pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.15(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. The Defaulting Lender shall not be entitled to receive any Facility Fee pursuant to Section 2.09(a) for any period during which such Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Swing Line Loans pursuant to Section 2.04, the "Applicable Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Revolving Commitment of that Defaulting Lender; provided, that, each such reallocation (x) shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default or Event of Default exists; and (y) does not cause the aggregate Revolving Credit Exposure of any non-Defaulting Lender to exceed such non-Defaulting Lender's Revolving Commitment.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent and the Swing Line Lender agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Revolving Loans and funded and unfunded participations in Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.15(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided, that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting

Lender; provided, further, that, except to the extent otherwise expressly agreed by the affected parties and subject to Section 11.22, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender.

2.16 Additional Revolving Commitments.

The Borrower may, at any time and from time to time, upon prior written notice by the Borrower to the Administrative Agent increase the Aggregate Revolving Commitments (but not the Swing Line Sublimit) by a maximum aggregate amount of up to FIFTY MILLION DOLLARS (\$50,000,000) with additional Revolving Commitments from any existing Lender with a Revolving Commitment or new Revolving Commitments from any other Person selected by the Borrower and acceptable to the Administrative Agent and the Swing Line Lender; provided that:

(a) any such increase shall be in a minimum principal amount of \$10,000,000 and in integral multiples of \$5,000,000 in excess thereof;

(b) no Default or Event of Default shall exist and be continuing at the time of any such increase or would result from any Borrowing on the day of such increase;

(c) no existing Lender shall be under any obligation to increase its Revolving Commitment and any such decision whether to increase its Revolving Commitment shall be in such Lender's sole and absolute discretion;

(d) any new Lender shall join this Agreement by executing such joinder documents required by the Administrative Agent and/or any existing Lender electing to increase its Revolving Commitment shall have executed a commitment agreement satisfactory to the Administrative Agent;

(e) any existing Lender or any new Lender providing a portion of the increase in Revolving Commitments shall be reasonably acceptable to the Administrative Agent and the Swing Line Lender; and

(f) as a condition precedent to such increase, the Borrower shall deliver to the Administrative Agent (A) a certificate of the Borrower dated as of the date of such increase (in sufficient copies for each Lender) signed by a Responsible Officer of the Borrower (1) certifying and attaching the resolutions adopted by the Borrower approving or consenting to such increase, and (2) certifying that, before and after giving effect to such increase, the representations and warranties contained in Article VI and the other Loan Documents are true and correct in all material respects on and as of the date of such increase, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Section 2.16, the representations and warranties contained in subsections (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01, and (B) legal opinions and other documents reasonably requested by the Administrative Agent.

The Borrower shall prepay any Loans owing by it and outstanding on the date of any such increase (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Loans ratable with any revised Revolving Commitments arising from any nonratable increase in the Revolving Commitments under this Section.

2.17 Extension of Revolving Loan Maturity Date.

(a) Request for Extension. The Borrower may by written notice to the Administrative Agent (who shall promptly notify the Lenders) given not less than forty-five (45) days prior to any anniversary of the Effective Date, request that each Lender extend the Revolving Loan Maturity Date for an additional one (1) year from the then existing Revolving Loan Maturity Date; provided, that the Borrower shall only be permitted to exercise this extension option two (2) times during the term of this Agreement; provided, further, that in no case shall the Revolving Loan Maturity Date exceed five (5) years from any date.

(b) Lenders Election to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than fifteen (15) days following the receipt of notice of such request from the Administrative Agent (the "Notice Date"), advise the Administrative Agent in writing whether or not such Lender agrees to such extension (and each Lender that determines not to so extend its Revolving Loan Maturity Date (a "Non-Extending Lender") shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Borrower of each Lender's determination under this Section 2.17 promptly and in any event no later than the date fifteen (15) days after the Notice Date (or, if such date is not a Business Day, on the next preceding Business Day).

(d) Additional Commitment Lenders. The Borrower shall have the right on or before the applicable anniversary of the Effective Date to replace each Non-Extending Lender with, and add as “Lenders” under this Agreement in place thereof, one or more Eligible Assignees (each, an “Additional Commitment Lender”) as provided in Section 11.13, each of which Additional Commitment Lenders shall have entered into an Assignment and Assumption pursuant to which such Additional Commitment Lender shall, undertake a Revolving Commitment (and, if any such Additional Commitment Lender is already a Lender, its Revolving Commitment shall be in addition to such Lender’s Revolving Commitment hereunder on such date) and shall be a “Lender” for all purposes of this Agreement.

(e) Minimum Extension Requirement. If all of the Lenders agree to any such request for extension of the Revolving Loan Maturity Date then the Revolving Loan Maturity Date for all Lenders shall be extended for the additional one (1) year, as applicable. If there exists any Non-Extending Lenders that are not being replaced by Additional Commitment Lenders, then the Borrower shall (i) withdraw its extension request and the Revolving Loan Maturity Date will remain unchanged or (ii) provided that the Required Lenders (but for the avoidance of doubt, not including any Additional Commitment Lenders) have agreed to the extension request (such Lenders agreeing to such extension, the “Approving Lenders”) no later than fifteen (15) days prior to such anniversary of the Effective Date, then the Borrower may extend the Revolving Loan Maturity Date solely as to the Approving Lenders and the Additional Commitment Lenders with a reduced amount of Aggregate Revolving Commitments during such extension period equal to the aggregate Revolving Commitments of the Approving Lenders and the Additional Commitment Lenders; it being understood that (A) the Revolving Loan Maturity Date relating to any Non-Extending Lenders not replaced by an Additional Commitment Lender shall not be extended and the repayment of all obligations owed to them and the termination of their Revolving Commitments shall occur on the already existing Revolving Loan Maturity Date and (B) the Revolving Loan Maturity Date relating to the Approving Lenders and the Additional Commitment Lenders shall be extended for an additional year, as applicable.

(f) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, any extension of the Revolving Loan Maturity Date pursuant to this Section 2.17 shall not be effective with respect to any Lender unless:

(i) on the date of such extension, the conditions for a Borrowing provided in Section 5.02(a) and (b) shall be satisfied;

(ii) the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower certifying that as of the date of such extension, (A) there are no actions, suits, proceedings, or disputes pending or, to the knowledge of the Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any of its Principal Subsidiaries or against any of their properties or revenues that (1) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (2) could reasonably be expected to have a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents and (B) since December 31, 2016, there has been no event or circumstance, either individually or in the aggregate, that has had a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents; and

(iii) on the date of such extension, the Borrower shall prepay any Loans outstanding on such date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep outstanding Loans ratable with any revised Applicable Percentages of the respective Lenders effective as of such date.

ARTICLE III.

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or the Borrower, then the Administrative Agent or the Borrower shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If the Borrower or the Administrative Agent shall be required by the Internal Revenue Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental

Authority in accordance with the Internal Revenue Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If the Borrower or the Administrative Agent shall be required by any applicable Laws other than the Internal Revenue Code to withhold or deduct any Taxes from any payment, then (A) the Borrower or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Borrower or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) Without limiting the provisions of subsection (a) or (b) above, but without duplication, the Borrower shall and does hereby indemnify each Recipient, and shall make payment in respect thereof within ten days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. The Borrower shall and does hereby indemnify the Administrative Agent, and shall make payment in respect thereof within ten days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii) below.

(ii) Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within ten days after demand therefor, (A) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (B) the Administrative Agent and the Borrower, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register and (C) the Administrative Agent and the Borrower, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or the Borrower in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. Upon request by the Borrower or the Administrative Agent, as the case may be, after any payment of Taxes by the Borrower or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the

Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender; *provided*, that this sentence shall not apply to documentation described in Section 3.01(e)(ii)(C) if such documentation is in substance essentially equivalent to, and not materially more onerous to provide, than the documentation set forth in Section 3.01(e)(ii)(A), (ii)(B), or (ii)(D).

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of Internal Revenue Service Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable (together with any required schedules and attachments):

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, Internal Revenue Service Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of Internal Revenue Service Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit 3.01(e)-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.01(e)-2 or Exhibit 3.01(e)-3, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.01(e)-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times

prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 3.01, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Recipient, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Borrower pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any Recipient to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Aggregate Revolving Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality.

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates.

If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof, (a) the Administrative Agent determines that (i) Dollar deposits are not being offered to banks in the applicable offshore interbank market for such currency for the applicable amount and Interest Period of such Eurodollar Rate Loan, or (ii) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan, or (b) the Administrative Agent or the Required Lenders determine that for any reason the

Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such Eurodollar Rate Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended, (to the extent of the affected Eurodollar Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent upon the instruction of the Required Lenders revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a) of this Section 3.03 have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a) of this Section 3.03 have not arisen but the supervisor for the administrator of the Eurodollar Base Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Eurodollar Base Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent shall promptly notify the Borrower and the Lenders in writing of such determination, and the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the Eurodollar Base Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) and such other related changes to this Agreement as may be applicable; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 11.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the date such amendment is provided to the Lenders, written notice from the Required Lenders stating that such Required Lenders object to such amendment.

3.04 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate);

(ii) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement or any Eurodollar Rate Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (in each case except for Indemnified Taxes and Excluded Taxes); or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan the interest on which is determined by reference to the Eurodollar Rate (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Revolving Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the

Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for, and hold such Lender harmless from, any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 11.13;

including any loss (other than any loss of anticipated profits) or expense arising from the liquidation or redeployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay its all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrower may replace such Lender in accordance with Section 11.13.

3.07 Survival.

All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Revolving Commitments, repayment of all other Obligations and resignation of the Administrative Agent.

3.08 Withholding Taxes.

For purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) the Loans under this Agreement as not qualifying as "grandfathered obligations" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

ARTICLE IV.

[RESERVED]

ARTICLE V.

CONDITIONS PRECEDENT TO BORROWINGS

5.01 Conditions of Initial Borrowings.

This Agreement shall become effective upon, and the obligation of each Lender to make Loans to the Borrower hereunder is subject to, satisfaction of the following conditions precedent:

(a) Loan Documents. Receipt by the Administrative Agent of executed counterparts of this Agreement and a Note for each Lender that has requested a Note, each properly executed by a Responsible Officer of the Borrower and, in the case of this Agreement, by each Lender.

(b) Opinions of Counsel. Receipt by the Administrative Agent of favorable opinions of legal counsel to the Borrower, addressed to the Administrative Agent and each Lender, dated as of the Effective Date, and in form and substance reasonably satisfactory to the Administrative Agent.

(c) Financial Statements. The Administrative Agent shall have received:

(i) the Audited Financial Statements; and

(ii) unaudited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal quarter ended September 30, 2017, including balance sheets and statements of income or operations, shareholders' equity and cash flows (the "Interim Financial Statements").

(d) No Material Adverse Change. Since December 31, 2016, there has been no event or circumstance, either individually or in the aggregate, that has had a Material Adverse Effect with respect to the Borrower, other than as specifically disclosed in the Disclosure Documents.

(e) Litigation. There shall not exist any action, suit, investigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before an arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect, other than as specifically disclosed in the Disclosure Documents.

(f) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of the following, each of which shall be originals or facsimiles (followed promptly by originals), in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) copies of the Organization Documents of the Borrower certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of the Borrower to be true and correct as of the Effective Date;

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Borrower as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which the Borrower is a party; and

(iii) such documents and certifications as the Administrative Agent may require to evidence that the Borrower is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation.

(g) Closing Certificate. Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of the Borrower certifying that (i) the conditions specified in Sections 5.01(d) and (e) and Sections 5.02(a) and (b) have been satisfied and (ii) the Borrower and its Subsidiaries (after giving effect to the transactions contemplated hereby and the incurrence of Indebtedness related thereto) are Solvent on a consolidated basis.

(h) OFAC, Patriot Act, Etc. Receipt by the Administrative Agent of all documentation and other information that any Lender has reasonably requested in order to comply with its ongoing obligations under applicable "know your customer", OFAC and anti-corruption laws, including the Patriot Act.

(i) Repayment of Existing Credit Agreement. Receipt by the Administrative Agent of evidence that (i) all obligations owed to lenders under the Existing Credit Agreement: who are not Lenders hereunder, if any, shall have been paid in full and (ii) the obligations owed to lenders under the Existing Credit Agreement who are Lenders hereunder shall be paid to the extent necessary so that the Obligations of such Lenders to do not exceed their Revolving Commitments hereunder.

(j) Fees. Receipt by the Administrative Agent, the Joint Lead Arrangers and the Lenders of any fees required to be paid on or before the Effective Date.

(k) Attorney Costs. The Borrower shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced prior to or on the Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

(l) Other. Receipt by the Administrative Agent and the Lenders of such other documents, instruments, agreements and information as reasonably requested by the Administrative Agent or any Lender, including, but not limited to, information regarding litigation, tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, material contracts, debt agreements, property ownership, environmental matters, contingent liabilities and management of the Borrower and its Subsidiaries.

Without limiting the generality of the provisions of the last paragraph of Section 10.03, for purposes of determining compliance with the conditions specified in this Section 5.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document made available to it for review prior to the Effective Date or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

5.02 Conditions to all Borrowings.

The obligation of each Lender to honor any Request for Borrowing from the Borrower is subject to the following conditions precedent:

(a) The representations and warranties of the Borrower contained in Article VI (other than Sections 6.05(c) and 6.06) or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Borrowing (other than any representation and warranty that is expressly qualified by materiality, in which case such representation and warranty shall be true and correct in all respects), except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (other than any representation and warranty that is expressly qualified by materiality, in which case such representation and warranty shall be true and correct in all respects) as of such earlier date, and except that for purposes of this Section 5.02, the representations and warranties contained in clauses (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01.

(b) No Default shall exist, or would result from such proposed Borrowing or from the application of the proceeds thereof, with respect to the Borrower.

(c) The Administrative Agent and, if applicable, the Swing Line Lender shall have received a Request for Borrowing from the Borrower in accordance with the requirements hereof.

Each Request for Borrowing submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.02(a) and (b) have been satisfied on and as of the date of the applicable Borrowing.

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

6.01 Existence, Qualification and Power.

The Borrower and each Principal Subsidiary thereof (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, and (d) is in compliance with all Laws; except in each case referred to in clause (b)(i), (c) or (d), to the extent that failure to do so would not have a Material Adverse Effect.

6.02 Authorization; No Contravention.

The execution, delivery and performance by the Borrower of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of

such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Principal Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law. The Borrower and its Principal Subsidiaries are in compliance with all Contractual Obligations referred to in clause (b)(i), except to the extent that failure to do so would not have a Material Adverse Effect.

6.03 Governmental Authorization; Other Consents.

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority (including FERC and DPU) is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement or any other Loan Document, other than those approvals, consents or filings already obtained or made and in full force and effect.

6.04 Binding Effect.

This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower that is party thereto in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights and general principles of equity.

6.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements of the Borrower and its Subsidiaries (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show to the extent required by GAAP all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The unaudited consolidated balance sheet of the Borrower and its Subsidiaries dated September 30, 2017, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Since December 31, 2016, there has been no event or circumstance, either individually or in the aggregate, that has had a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents.

6.06 Litigation.

There are no actions, suits, proceedings, or disputes pending or, to the knowledge of the Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any of its Principal Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) could reasonably be expected to have a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents.

6.07 No Default.

Neither the Borrower nor any of its Principal Subsidiaries is in default under or with respect to any indebtedness for borrowed money in excess of the Threshold Amount. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

6.08 Ownership of Property; Liens.

The Borrower and its Principal Subsidiaries have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as would not, individually or in the aggregate have a Material Adverse Effect. As of the date of this Agreement, the Borrower and its Principal Subsidiaries enjoy peaceful and undisturbed possession under all leases of real property on which facilities operated by it are situated, and all such leases are valid and subsisting and in full force and effect. The property of the Borrower and its Principal Subsidiaries is subject to no Liens, other than Liens permitted by Section 8.01.

6.09 Environmental Compliance.

The Borrower and its Principal Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and claims would not, individually or in the aggregate have a Material Adverse Effect.

6.10 Insurance.

The properties of the Borrower and its Principal Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Principal Subsidiary operates. All of such policies (a) are in full force and effect, (b) are sufficient for compliance by the Borrower and its Principal Subsidiaries with all written agreements or instruments to which the Borrower or any such Principal Subsidiary is a party and all applicable requirements of law, (c) provide that they will remain in full force and effect through the respective dates set forth in such policies and (d) will not in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement. Neither the Borrower nor any of its Principal Subsidiaries is in default with respect to its obligations under any of such insurance policies and have not received any notification of cancellation of any such insurance policies.

6.11 Taxes.

The Borrower and its Principal Subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP and those where the failure to file or pay would not have a Material Adverse Effect. There is no unpaid tax claimed by any governmental Authority to be due against the Borrower or its Principal Subsidiaries that would, if made, have a Material Adverse Effect. As of the Effective Date, neither the Borrower nor any of its Principal Subsidiaries is party to any tax sharing agreements other than as set forth on Schedule 6.11.

6.12 ERISA Compliance.

(a) Except as would not reasonably be likely to result in a Material Adverse Effect, each Pension Plan sponsored or maintained by the Borrower is in substantial compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Laws. Each Pension Plan that is intended to qualify under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service or an application for such a letter is currently being processed by the Internal Revenue Service with respect thereto and, to the best knowledge of the Borrower, nothing has occurred which has not been or cannot be corrected that would prevent, or cause the loss of, such qualification. The Borrower, and to the best knowledge of the Borrower, each ERISA Affiliate have made all required contributions to each Pension Plan or, any delinquent contributions, have been corrected pursuant to a government sponsored correction program, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Internal Revenue Code has been made with respect to any Pension Plan.

(b) There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Pension Plan that would reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Pension Plan that has resulted in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) the Borrower, and to the best knowledge of the Borrower, each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) neither the Borrower, nor to the knowledge of the Borrower, any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (iv) the Borrower, or to the best knowledge of the Borrower, any ERISA Affiliate has not engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

(d) The Borrower is not or will not be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Revolving Commitments.

6.13 Subsidiaries.

As of the Effective Date, the Borrower does not have any Principal Subsidiaries other than those specifically disclosed in Part (a)

of Schedule 6.13, and all of the outstanding Equity Interests entitled to vote for the election of directors or other governing Persons in such Principal Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Borrower in the amounts specified on Part (a) of Schedule 6.13 free and clear of all Liens. All of the outstanding Equity Interests entitled to vote in the Borrower have been validly issued and are fully paid and nonassessable, and the Equity Interests of the Borrower are owned by Eversource to the extent specified, as of the Effective Date, on Part (b) of Schedule 6.13 free and clear of all Liens.

6.14 Use of Proceeds; Margin Regulations; Investment Company Act.

(a) The proceeds of the Loans will be used for working capital, capital expenditures and other general corporate purposes (including the repayment of Indebtedness). The proceeds of the Loans will not be used in any way which would violate the provisions of Regulation U or X of the Board of Governors of the Federal Reserve System. The Borrower is not engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) Neither the Borrower nor any of its Subsidiaries is a “registered investment company” or an “affiliated company” or a “principal underwriter” of a “registered investment company”, as such terms are defined in the Investment Company Act of 1940, as amended.

6.15 Disclosure.

The Borrower has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Principal Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6.16 Compliance with Laws.

The Borrower and its Principal Subsidiaries are in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, would not have a Material Adverse Effect.

6.17 Solvency.

The Borrower, together with its Subsidiaries on a consolidated basis, are and, upon the incurrence of any Borrowing on any date on which this representation and warranty is made, will be, Solvent.

6.18 Taxpayer Numbers and Other Information.

The Borrower’s (a) true and correct U.S. taxpayer identification number, (b) full legal name, (c) state of incorporation, formation or organization and (d) the address of its principal place of business are set forth on Schedule 6.18.

6.19 Sanctions Concerns and Anti-Corruption Laws.

(a) Sanctions Concerns. Neither the Borrower nor any Subsidiary of the Borrower, nor, to the knowledge of the Borrower and its Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC’s List of Specially Designated Nationals, HMT’s Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction so as to result in a violation of Sanctions.

(b) Anti-Corruption Laws. The Borrower and its Subsidiaries and, to the knowledge of the Borrower and its Subsidiaries, all directors, officers, employees, agents, affiliates and representatives thereof, have conducted their business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

6.20 EEA Financial Institutions.

The Borrower is not an EEA Financial Institution.

ARTICLE VII.

AFFIRMATIVE COVENANTS

So long as any Lender shall have any commitment hereunder, any Loan or other obligation hereunder shall remain unpaid or unsatisfied, the Borrower hereby agrees that it shall, and shall (except in the case of the covenants set forth in Sections 7.01, 7.02, and 7.03) cause each of its Principal Subsidiaries to:

7.01 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) with respect to the Borrower, as soon as available, but in any event within one hundred five (105) days after the end of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit and to the effect that such financial statements have been prepared in accordance with GAAP applied on a basis consistent with prior years (except as to changes with which such accountants concur and which shall be disclosed in the notes thereto or in a letter) and fairly present in all material respects the financial condition of the Borrower and its Subsidiaries at the dates thereof and the results of its consolidated operations for the periods covered thereby; and

(b) with respect to the Borrower, as soon as available, but in any event within fifty (50) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, certified by a Responsible Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 7.02(d), the Borrower shall not be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in clauses (a) and (b) above at the times specified therein.

7.02 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b), a certificate substantially in the form of Exhibit 7.02(a) signed by a Responsible Officer of the Borrower (the "Compliance Certificate") (i) stating that no Default or Event of Default has occurred and is continuing on the date of such certificate, and if a Default or an Event of Default has then occurred and is continuing, specifying the details thereof and the action that the Borrower has taken or proposes to take with respect thereto, (ii) setting forth in reasonable detail computations evidencing compliance with Section 8.06 hereof as determined on the last day of the fiscal quarter immediately preceding the fiscal quarter during which such certifications are to be delivered pursuant to this clause (a) and (iii) stating whether any change in GAAP or the application thereof has occurred since the date of the audited financial statements referred to in Section 7.01 and, if any change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(b) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) of Section 7.01, a copy of the certification (if any) signed by the principal executive officer and the principal financial officer of the Borrower (each a "Certifying Officer") as required by Rule 13A-14 under the Securities Exchange Act of 1934 and a copy of the internal controls disclosure statement by such Certifying Officer as required by Rule 13A-15 under the Securities Exchange Act of 1934, each as included in the Borrower's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, for the applicable fiscal period;

(c) contemporaneously with the filing or mailing thereof, copies of all financial statements sent by the Borrower to

shareholders and all reports, notices, proxy statements or other communications sent by the Borrower to its shareholders, and all reports under Sections 12, 13 and 14 and under any rules promulgated with respect to such sections (including all reports on Forms 8-K, 10-K and 10-Q, along with all amendments and supplements thereto) of the Securities and Exchange Act of 1934, as amended, all Schedules 13D and 13G and all amendments thereto, and registration statements filed by the Borrower with any securities exchange or with the SEC or any successor;

(d) promptly, and in any event within five (5) Business Days after receipt thereof by the Borrower or any Subsidiary thereof, copies of each formal notice received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of the Borrower or such Subsidiary thereof that could reasonably be expected to result in a Material Adverse Effect; and

(e) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower or any Principal Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request.

Documents required to be delivered pursuant to Section 7.01(a) or (b) or Section 7.02(d) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 11.02; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Joint Lead Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on SyndTrak or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender"). The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Joint Lead Arrangers, and the Lenders to treat such Borrower Materials as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws; (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent and the Joint Lead Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

7.03 Notices.

Promptly notify the Administrative Agent and each Lender of:

(a) the occurrence of any Default;

(b) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including as a result of: (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower or any Principal Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Principal Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Principal Subsidiary, including pursuant to any applicable Environmental Laws;

(c) the occurrence of any ERISA Event;

(d) any announcement by Moody's or S&P of any change in a Reference Rating; and

(e) the consummation of the merger described in Section 8.02(c) (and deliver a copy of the articles of merger (or similar documentation) related thereto in connection with such notice).

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth

details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

7.04 Payment of Taxes.

Pay and discharge as the same shall become due and payable, all its tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary and all lawful claims which, if unpaid, would by Law become a Lien upon its property, except in each case where the failure to pay such amounts would not have a Material Adverse Effect.

7.05 Preservation of Existence, Etc.

Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.02; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which would not have a Material Adverse Effect.

7.06 Maintenance of Properties.

Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so would not have a Material Adverse Effect; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities; provided, however, that in each of the foregoing cases described in clauses (a), (b), and (c), neither Borrower nor its Principal Subsidiaries will be prevented from discontinuing the operation and maintenance of any such properties if such discontinuance is, in the reasonable judgment of the Borrower or Principal Subsidiary, as applicable, desirable in the operation or maintenance of its business and would not result, or be reasonably likely to result, in a Material Adverse Effect.

7.07 Maintenance of Insurance.

Maintain with financially sound and reputable insurance companies not Affiliates of the Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

7.08 Compliance with Laws.

Comply (a) with the Patriot Act, OFAC rules and regulations and all Sanctions and laws related thereto, (b) in all material respects, with the requirements of all other Laws (including Environmental Laws and anti-money laundering laws) applicable to it or to its business or property, except in such instances in which such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted, (c) all material provisions of its charter documents, by-laws, operating agreement, certificate and other constituent documents, as applicable, and (d) all material applicable decrees, orders, and judgments, except where the failure to comply with clauses (b) through (c) above would not have a Material Adverse Effect.

7.09 Books and Records.

Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Principal Subsidiary, as the case may be, in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or such Subsidiary, as the case may be.

7.10 Inspection Rights.

Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower.

7.11 Use of Proceeds.

Use the proceeds of the Borrowings for working capital, capital expenditures and other general corporate purposes (including the repayment of Indebtedness) not in contravention of any Law or of any Loan Document. The proceeds of the Loans will not be used

in any way which would violate the provisions of Regulation U or X of the Board of Governors of the Federal Reserve System.

7.12 Further Assurances.

(a) Promptly execute and deliver, or cause to be promptly executed and delivered, all further instruments and documents, and take and cause to be taken all further actions, that may be necessary or that the Required Lenders through the Administrative Agent may reasonably request to enable the Lenders and the Administrative Agent to carry out to their reasonable satisfaction the transactions contemplated by this Agreement and enforce the terms and provisions of this Agreement and to exercise their rights and remedies hereunder or under the Notes, and

(b) Use all commercially reasonable efforts to duly obtain governmental approvals required in connection with this Agreement from time to time on or prior to such date as the same may become legally required, and thereafter to maintain all such governmental approvals in full force and effect.

7.13 Conduct of Business.

Except as permitted by Section 8.02, conduct its primary business in substantially the same manner and in substantially the same fields as such business is conducted on the date hereof.

7.14 Governmental Approvals.

Duly obtain on or prior to such date as the same may become legally required, and thereafter maintain in effect at all times, all Governmental Approvals on its part to be obtained, except in the case of those Governmental Approvals referred to in clause (ii) of the definition of "Governmental Approval", (i) those the absence of which could not reasonably be expected to result in a Material Adverse Effect, and (ii) those that the Borrower or such Principal Subsidiary is diligently attempting in good faith to obtain, renew or extend, or the requirement for which the Borrower or such Principal Subsidiary is contesting in good faith by appropriate proceedings or by other appropriate means; provided, however, that the exception afforded by clause (ii), above, shall be available only if and for so long as such attempt or contest, and any delay resulting therefrom, could not reasonably be expected to result in a Material Adverse Effect.

7.15 Anti-Corruption Laws.

Conduct its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions and maintain policies and procedures designed to promote and achieve compliance with such laws.

ARTICLE VIII.

NEGATIVE COVENANTS

So long as any Lender shall have any Revolving Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, the Borrower hereby agrees that it shall not, nor shall it permit any of its Principal Subsidiaries to (except in the case of the covenant set forth in Section 8.06, which shall apply only to the Borrower), directly or indirectly:

8.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens granted, incurred or existing in the ordinary course of business not in connection with the borrowing of money or the obtaining of credit and not otherwise described below,

(b) Liens arising in connection with the sale of accounts receivable,

(c) Liens existing on acquired property at the time of acquisition thereof by the Borrower or Subsidiary which liens do not extend to any property other than such acquired properties,

(d) any purchase money Lien or construction mortgage on assets hereafter acquired or constructed by the Borrower or any Subsidiary, and any Lien on any assets existing at the time of acquisition thereof by the Borrower or a Subsidiary or created within one hundred eighty (180) days from the date of completion of such acquisition or construction; provided that such Lien or construction mortgage shall at all times be confined solely to the assets so acquired or constructed and any additions thereto;

(e) Liens existing on the date hereof and disclosed on Schedule 8.01;

(f) [Reserved];

(g) [Reserved];

(h) Liens resulting from legal proceedings being contested in good faith by appropriate legal or administrative proceedings by the Borrower or any Subsidiary, and as to which the Borrower or such Subsidiary, to the extent required by GAAP, shall have set aside on its books adequate reserves;

(i) Liens created in favor of the other contracting party in connection with advance or progress payments;

(j) any Liens in favor of any Governmental Authority, or trustee acting on behalf of holders of obligations issued by any Governmental Authority or any financial institutions lending to or purchasing obligations of any Governmental Authority, which Lien is created or assumed for the purpose of financing all or part of the cost of acquiring or constructing the property subject thereto;

(k) Liens resulting from conditional sale agreements, capital leases or other title retention agreements;

(l) with respect to sewage facility and pollution control bond financings, Liens on funds, accounts and other similar intangibles of the Borrower or any Subsidiary created or arising under the relevant indenture, pledges of the related loan agreement with the relevant issuing authority and pledges of the Borrower's or any Subsidiary's interest, if any, in any bonds issued pursuant to such financings to a letter of credit bank or bond issuer or similar credit enhancer;

(m) Liens granted on accounts receivable in connection with financing transactions, whether denominated as sales or borrowings;

(n) Liens on the assets of, the stock issued by or other equity of, any Subsidiary of the Borrower created to hold generating or transmission assets if such Liens are created to secure Indebtedness that is nonrecourse to the Borrower and is incurred to acquire, construct or otherwise develop such generating or transmission assets;

(o) Liens created to secure Indebtedness of a transmission company Subsidiary of the Borrower with respect to assets transferred to such transmission company by another Subsidiary of the Borrower;

(p) any extension, renewal or replacement of Liens permitted by clauses (c), (d), (e) and (k) through (n); *provided, however*, that the principal amount of Indebtedness secured thereby shall not, at the time of such extension, renewal or replacement, exceed the principal amount of Indebtedness so secured and that such extension, renewal or replacement shall be limited to all or a part of the property that secured the Lien so extended, renewed or replaced or to other property of no greater value than the property that secured the Lien so extended, renewed or replaced;

(q) Liens on the assets of the Borrower and its Principal Subsidiaries granted by the Borrower and its Principal Subsidiaries to secure long term Indebtedness of the Borrower (exclusive of those granted under clauses (c), (d), (e) and (k) through (o) above) provided that at the time of granting such Liens (and after giving effect thereto), the aggregate amount of all such long term Indebtedness of the Borrower and its Principal Subsidiaries taken together shall not exceed \$400,000,000; and

(r) Stranded Cost Recovery Obligations securitization transactions.

8.02 Fundamental Changes.

Merge, amalgamate, dissolve, liquidate, wind-up or consolidate (or suffer any liquidation or dissolution) with or into another Person, or dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (including Equity Interests in Subsidiaries) (whether now owned or hereafter acquired) to or in favor of any Person unless:

(a) a Subsidiary of the Borrower merges, amalgamates or consolidates with the Borrower or any Subsidiary of the Borrower; provided that (i) if the Borrower is party to such transaction, the Borrower shall be the surviving entity, and (ii) subject to clause (i), if a Principal Subsidiary is party to such transaction, a Principal Subsidiary that is a Domestic Subsidiary shall be the surviving entity,

(b) a Subsidiary of the Borrower liquidates or dissolves into, or makes an asset disposition to, the Borrower or any Subsidiary of the Borrower; provided that (i) if the Borrower is party to such transaction, the Borrower shall be the entity into which assets are transferred, and (ii) subject to clause (i), if a Principal Subsidiary is party to such transaction, a Principal Subsidiary that is a Domestic Subsidiary shall be the entity into which assets are transferred in,

(c) the merger, amalgamation or consolidation of WMECO with the Borrower, with the Borrower being the surviving entity, shall be permitted,

(d) all corporate and regulatory approvals therefor have been received,

(e) no Default or Event of Default would exist hereunder after giving effect to such transaction, and

(f) the senior unsecured debt ratings of S&P and Moody's applicable to (i) the Borrower, (ii) to the extent applicable, such Principal Subsidiary that is the surviving entity in a transaction permitted under clause (a) above, (iii) to the extent applicable, the entity to which assets are transferred, in such a transaction permitted under clause (b) and (iv) to the extent applicable, the Principal Subsidiary disposing of assets to a Person other than the Borrower or any of its Subsidiaries in a transaction permitted under clause (b) above, in each case after giving effect to such transaction, shall be at least BBB- and Baa3.

Notwithstanding the foregoing, any disposition of assets permitted by the foregoing provisions of this Section 8.02 to a Person other than the Borrower and its Subsidiaries may be consummated by way of merger, amalgamation or consolidation.

8.03 Change in Nature of Business.

Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

8.04 Transactions with Affiliates and Insiders.

Enter into any transaction of any kind with any officer, director or Affiliate of the Borrower, whether or not in the ordinary course of business, other than (a) except as otherwise specifically limited in this Agreement, transactions which are on terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an officer, director or Affiliate, (b) any transaction for which the Borrower or Subsidiary has obtained the approval of the DPU, (c) immaterial incidental transactions among Borrower and its Affiliates which are substantially on arm's length basis, such as cash management, facility sharing, tax sharing, management services or other overhead sharing matters, (d) intercompany transactions, including loans and advances and the provision of services, not prohibited under this Agreement or required under the Federal Power Act and the rules of the FERC or state utility commissions, in each case to the extent applicable thereto, (e) normal and reasonable compensation and reimbursement expenses of officers and directors in the ordinary course of business and (f) Stranded Cost Recovery Obligations securitization transactions.

8.05 Use of Proceeds.

Use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

8.06 Consolidated Indebtedness to Capitalization Ratio.

Permit the Consolidated Indebtedness to Capitalization Ratio of the Borrower as of the end of any fiscal quarter of the Borrower to be greater than 0.65:1.00.

8.07 Compliance with ERISA.

Terminate, or permit any of its ERISA Affiliates to terminate, any Pension Plan so as to result in any direct liability of the Borrower or any Principal Subsidiary to the PBGC in an amount greater than the Threshold Amount, or (b) permit to exist any occurrence of any Reportable Event which, alone or together with any other Reportable Event with respect to the same or another Pension Plan, has a reasonable possibility of resulting in direct liability of the Borrower or any Subsidiary to the PBGC in an aggregate amount exceeding the Threshold Amount, or any other event or condition that presents a material risk of such a termination by the PBGC of any Pension Plan or has a reasonable possibility of resulting in a liability of the Borrower or any Subsidiary to the PBGC or a Multiemployer Plan in an aggregate amount exceeding the Threshold Amount.

8.08 Interests in Nuclear Plants.

Acquire any nuclear plant or any interest therein not held on the date hereof, other than so called "power entitlements" acquired for use in the ordinary course of business.

8.09 Financing Agreements.

With respect to the Borrower only, permit any Principal Subsidiary to enter into any agreement, contract, indenture or similar obligation, or issue any security (all of the foregoing being referred to as "Financing Agreements"), that is not in effect on the date hereof, or amend or modify any existing Financing Agreement, if the effect of such Financing Agreement (or amendment or modification thereof) is to impose any additional restriction not in effect on the date hereof on the ability of such Principal Subsidiary to pay dividends to the Borrower; provided, that the foregoing shall not restrict the right of any Principal Subsidiary of the Borrower

created to hold generating or transmission assets, to enter into any such Financing Agreement in connection with the incurrence of Indebtedness that is nonrecourse to the Borrower and is incurred to acquire, construct or otherwise develop generating or transmission assets.

8.10 Sanctions.

Directly or indirectly, use any Borrowing or the proceeds of any Borrowing, or lend, contribute or otherwise make available such Borrowing or the proceeds of any Borrowing to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Arranger, Administrative Agent, Swing Line Lender, or otherwise) of Sanctions.

8.11 Anti-Corruption Laws.

Directly or indirectly, use any Borrowing or the proceeds of any Borrowing for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions.

ARTICLE IX.

EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default.

Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower fails to pay (i) when and as required to be paid herein any amount of principal of any Loan, or (ii) within five (5) days after the same becomes due, any interest on any Loan, or any fee due hereunder, or (iii) within five (5) days after the same becomes due, any other amount payable hereunder or under any other Loan Document, whether at the stated maturity or any accelerated date of maturity or at any other date fixed for payment; or

(b) Specific Covenants. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 7.01, 7.02(a), 7.03(a), 7.05, 7.10, or 7.11 or Article VIII; or

(c) Other Defaults. The Borrower fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after written notice from the Administrative Agent; or

(d) Representations and Warranties. Any representation or warranty, made or deemed made by or on behalf of the Borrower or any Principal Subsidiary herein, in any other Loan Document, or in any document required to be delivered in connection herewith or therewith shall be incorrect or misleading in any material respect (or, with respect to any representation and warranty that is expressly qualified by materiality, in any respect) when made or deemed made; or

(e) Cross-Default. (i) The Borrower or any Principal Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise and after giving effect to applicable grace periods) in respect of any Indebtedness (other than (x) Indebtedness of the Borrower under this Agreement, but including Indebtedness of its Principal Subsidiaries hereunder and (y) Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Indebtedness to be demanded (or commitments to lend with respect to such Indebtedness to be terminated) or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from any event of default under such Swap Contract as to which the Borrower or any Principal Subsidiary is the Defaulting Party (as defined in such Swap Contract) the Swap Termination Value owed by the Borrower or such Principal Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. The Borrower or any of its Principal Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or

for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for ninety (90) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for ninety (90) calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) The Borrower or any Principal Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of the Borrower and its Principal Subsidiaries and is not released, vacated or fully bonded within ninety (90) days after its issue or levy; or

(h) Judgments. There is entered against the Borrower or any Principal Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order and not stayed within thirty (30) days, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in direct liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the obligations under this Agreement, ceases to be in full force and effect; or the Borrower or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or the Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document; or

(k) Change of Control. There occurs any Change of Control with respect to the Borrower.

9.02 Remedies Upon Event of Default.

If any Event of Default with respect to the Borrower occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions with respect to the Borrower:

(a) declare the commitment of each Lender to make Loans to the Borrower to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable by the Borrower hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) exercise on behalf of itself and the Lenders all rights and remedies against the Borrower and its property available to it and the Lenders under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower or any of its Principal Subsidiaries under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans to the Borrower shall automatically terminate, the unpaid principal amount of all outstanding Loans of the Borrower and all interest and other amounts as aforesaid of the Borrower shall automatically become due and payable without further act of the Administrative Agent or any Lender.

9.03 Application of Funds.

After the exercise of remedies provided for in Section 9.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 9.02), any amounts received on account of the Obligations of the Borrower shall be applied by the Administrative Agent to the then outstanding Obligations of the Borrower in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders) arising under the Loan Documents and amounts payable under Article III, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Third held by them;

Fourth, to payment of that portion of the Obligations constituting accrued and unpaid principal of the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE X.

ADMINISTRATIVE AGENT

10.01 Appointment and Authority.

Each of the Lenders hereby irrevocably appoints Barclays to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, and the Borrower shall not have rights as a third party beneficiary of any of such provisions.

10.02 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

10.03 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 9.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of

the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article V or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.04 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.05 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

10.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with the consent of the Borrower so long as no Event of Default has occurred and continues, which consent shall not be unreasonably withheld or delayed, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law by notice in writing to the Borrower and such Person remove such Person as the Administrative Agent and, with the consent of the Borrower so long as no Event of Default has occurred and continues, which consent shall not be unreasonably withheld or delayed, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent’s resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by or removal of Barclays as Administrative Agent pursuant to this Section shall also constitute its resignation or removal as Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Swing Line Lender, and (b) the retiring Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents.

10.07 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.08 No Other Duties; Etc.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers, syndication agents, documentation agents or co-agents shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

10.09 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.09 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

10.10 Lender ERISA Representations.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Joint Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Revolving Commitments;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-

house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Revolving Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Joint Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that:

(i) none of the Administrative Agent or any Joint Lead Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto);

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least \$50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E);

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations);

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Revolving Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder; and

(v) no fee or other compensation is being paid directly to the Administrative Agent or any Joint Lead Arranger or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Revolving Commitments or this Agreement.

(c) The Administrative Agent and each Joint Lead Arranger hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Revolving Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans or the Revolving Commitments for an amount less than the amount being paid for an interest in the Loans or the Revolving Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

ARTICLE XI.

MISCELLANEOUS

11.01 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, further, that

(a) no such amendment, waiver or consent shall:

(i) extend (except as provided for in Section 2.17) or increase the Revolving Commitment of a Lender (or reinstate any Revolving Commitment terminated pursuant to Section 9.02) without the written consent of such Lender whose Revolving Commitment is being extended or increased (it being understood and agreed that a waiver of any condition precedent set forth in Section 5.02 or of any Default or a mandatory reduction in Revolving Commitments is not considered an extension or increase in Revolving Commitments of any Lender);

(ii) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Revolving Commitments hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment or whose Revolving Commitments are to be reduced;

(iii) reduce the principal of, or the rate of interest specified herein on, any Loan, or (subject to clause (i) of the final proviso to this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment of principal, interest, fees or other amounts; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(iv) change any provision of this Section 11.01(a) or the definition of "Required Lenders" without the written consent of each Lender;

(v) change Section 2.13 or Section 9.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly affected thereby;

(b) unless also signed by the Swing Line Lender, no amendment, waiver or consent shall affect the rights or duties of the Swing Line Lender under this Agreement; and

(c) unless also signed by the Administrative Agent, no amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document;

provided, however, that notwithstanding anything to the contrary herein, (i) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, (ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Revolving Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender, (iii) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code of the United States supersedes the unanimous consent provisions set forth herein, (iv) the Required Lenders shall determine whether or not to allow the Borrower to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders, (v) subject to Section 2.17, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, the Borrower and the relevant Lenders providing such additional credit facilities (x) to add one or more additional credit facilities to this Agreement, to permit the extensions of credit from time to time outstanding hereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents and the Loans and the accrued interest and fees in respect thereof and to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and (y) to change, modify or alter Section 2.13 or Section 9.03 or any other provision hereof relating to the pro rata sharing of payments among the Lenders solely to the extent necessary to effectuate any of the amendments (or amendments and restatements) enumerated in this clause (v) and for no other purpose, and (vi) if following the Effective Date, the Administrative Agent and the Borrower shall have jointly identified an inconsistency, obvious error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Documents if the same is not objected to in writing by the Required Lenders within five (5) Business Days following receipt of notice thereof.

11.02 Notices and Other Communications; Facsimile Copies.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent or the Swing Line Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 11.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service or through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. The Borrower, the Administrative Agent and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower, the Administrative Agent and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public

Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Revolving Loan Notices, Swing Line Loan Notices and Prepayment Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies; Enforcement.

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Borrower or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 9.02 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as Swing Line Lender) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to the Borrower under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 9.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

11.04 Expenses; Indemnity; and Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Joint Lead Arrangers and their respective Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender (including the reasonable fees, charges and disbursements of one counsel and, to the extent reasonably necessary, special and one local counsel in each jurisdiction for the Administrative Agent and for all of the Lenders as a group (and in the event of any actual or potential conflict of interest, one additional counsel for the Administrative Agent and/or each Lender subject to such conflict)) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Joint Lead Arranger, each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, penalties and reasonable related expenses (including the reasonable fees, charges and disbursements of one counsel and, to the extent reasonably necessary, special and one local counsel in each jurisdiction for the Indemnitees (and in the event of any actual or potential conflict of interest, one additional counsel for the Administrative Agent and/or each Lender subject to such conflict)) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent

(and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by them to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrower shall not assert, and the Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Revolving Commitments and the repayment, satisfaction or discharge of all the other Obligations.

11.05 Payments Set Aside.

To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or thereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related

Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Revolving Commitment and the Loans (including for purposes of this subsection (b), participations in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Revolving Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Revolving Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Revolving Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 in the case of an assignment of Revolving Loans unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Revolving Commitment if such assignment is to a Person that is not a Lender with a Revolving Commitment in respect of the Revolving Commitment subject to such assignment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Commitment.

(c) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(d) No Assignment to Certain Persons. No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B) or (C) to a natural person.

(e) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(f) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolving Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(g) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Revolving Commitment and/or the Loans (including such Lender's participations in Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clauses (i) through (v) of Section 11.01(a) that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register. No sale of a participation shall be effective unless and until it has been recorded in the Participant Register as provided in this paragraph (d).

(h) Limitation on Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. Furthermore, a Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.01(e) as though it were a Lender.

(i) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such

Lender as a party hereto.

(j) Resignation as Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Barclays assigns all of its Revolving Commitment and Loans pursuant to subsection (b) above, Barclays may, upon thirty (30) days' notice to the Borrower, resign as Swing Line Lender. In the event of any such resignation as Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor Swing Line Lender hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Barclays as Swing Line Lender, as the case may be. If Barclays resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment of a successor Swing Line Lender, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Swing Line Lender, as the case may be.

Notice by the Administrative Agent to the Borrower of any assignment made under this Section 11.06 shall be provided as may be agreed in writing from time to time between the Borrower and the Administrative Agent.

11.07 Treatment of Certain Information; Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it or its Affiliates (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower, (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower, (i) to rating agencies if requested or required by such agency in connection with a rating relating to the Loans hereunder and (j) on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement.

For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary, provided that, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States federal and state securities Laws.

11.08 Set-off.

If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness; provided, that, in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.15 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and its respective Affiliates under this

Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its respective Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

11.09 Interest Rate Limitation.

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “Maximum Rate”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

11.10 Counterparts; Integration; Effectiveness.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 5.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

11.11 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

11.12 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

11.13 Replacement of Lenders.

If (i) any Lender requests compensation under Section 3.04, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, (iii) a Lender (a “Non-Consenting Lender”) does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders as provided in Section 11.01 but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable), (iv) any Lender is a Non-Extending Lender pursuant to Section 2.17(b) or (v) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the rights and restrictions contained in, and consents required by, Section 11.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 11.06(b);

(b) such Lender shall have received payment of an amount equal to one hundred percent (100%) of the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other

Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of any such assignment resulting from a Non-Consenting Lender's or a Non-Extending Lender's failure to consent to a proposed change, waiver, discharge or termination with respect to any Loan Document, the applicable replacement bank, financial institution or Fund consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender or such Non-Extending Lender, as applicable, to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender or such Non-Extending Lender and the mandatory assignment of such Non-Consenting Lender's or such Non-Extending Lender's, as applicable, Revolving Commitments and outstanding Loans and participations in Swing Line Loans pursuant to this Section 11.13 shall nevertheless be effective without the execution by such Non-Consenting Lender or such Non-Extending Lender, as applicable, of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL 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. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.15 Waiver of Right to Trial by Jury.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE

LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.16 Electronic Execution.

The words “delivery,” “execute,” “execution,” “signed,” “signature,” and words of like import in any Loan Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided further without limiting the foregoing, upon the request of the Administrative Agent, any electronic signature shall be promptly followed by such manually executed counterpart.

11.17 USA PATRIOT Act.

Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

11.18 No Advisory or Fiduciary Relationship.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Joint Lead Arrangers and the Lenders, are arm’s-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Joint Lead Arrangers and the Lenders, on the other hand, (ii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) the Administrative Agent, the Joint Lead Arrangers and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary, for the Borrower or any of Affiliates or any other Person and (ii) none of the Administrative Agent, the Joint Lead Arrangers and the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent, the Joint Lead Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and none of the Administrative Agent, the Joint Lead Arrangers and the Lenders has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases, any claims that it may have against the Administrative Agent, any Joint Lead Arranger or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

11.19 New Lenders.

From and after the Effective Date, by execution of this Agreement, each Person identified as a “Lender” on each signature page that is not already a Lender under the Existing Credit Agreement hereby acknowledges, agrees and confirms that, by its execution of this Agreement, such Person will be deemed to be a party to this Agreement and a “Lender” for all purposes of this Agreement, and shall have all of the obligations of a Lender hereunder as if it had executed the Existing Credit Agreement. Such Person hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to the Lenders contained in this Agreement.

11.20 Amendment and Restatement.

The parties hereto agree that, on the Effective Date, the following transactions shall be deemed to occur automatically, without further action by any party hereto: (a) the Existing Credit Agreement shall be deemed to be amended and restated in its entirety pursuant to this Agreement; (b) all Obligations under the Existing Credit Agreement outstanding on the Effective Date shall in all respects be continuing and shall be deemed to be Obligations outstanding hereunder, except as modified hereby, and this Agreement shall not constitute a novation of such Obligations or any of the rights, duties and obligations of the parties hereunder; and (c) all references in the other Loan Documents to the Existing Credit Agreement shall be deemed to refer without further amendment to this Agreement.

11.21 Reallocation.

The Administrative Agent, the Borrower and the Lenders hereby acknowledge and agree that the Revolving Commitments of each Lender as set forth on Schedule 2.01 are the Revolving Commitments of such Lender as of the Effective Date, with the reallocation of Loans outstanding under the Revolving Commitments of the Lenders as they existed immediately prior to the Effective Date having been made per instructions from the Administrative Agent, and neither any Assignment and Assumption nor any other action of any Person is required to give effect to such Revolving Commitments as set forth on Schedule 2.01.

11.22 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Solely to the extent any Lender that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and (b) the effects of any Bail-In Action on any such liability, including, if applicable: (i) a reduction in full or in part or cancellation of any such liability; (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER: NSTAR ELECTRIC COMPANY,
a Massachusetts corporation doing business as Eversource Energy

By: /S/ EMILIE O'NEIL
Name: Emilie O'Neil
Title: Assistant Treasurer-Corporate Finance & Cash Management

ADMINISTRATIVE
AGENT: BARCLAYS BANK PLC,
as Administrative Agent

By: /S/ SYDNEY G. DENNIS
Name: Sydney G. Dennis
Title: Director

LENDERS: BARCLAYS BANK PLC,
as a Lender and Swing Line Lender

By: /S/ SYDNEY G. DENNIS
Name: Sydney G. Dennis
Title: Director

BANK OF AMERICA, N.A.,
as a Lender

By: /S/ JERRY WELLS
Name: Jerry Wells
Title: Director

CITIBANK, N.A.,
as a Lender

By: /S/ RICHARD RIVERA
Name: Richard Rivera
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
A member of MUFG, a global financial group ("MUFG"),
as a Lender

By: /S/ ROBERT MACFARLANE
Name: Robert MacFarlane
Title: Director

WELLS FARGO BANK, N.A.,
as a Lender

By: /S/ PATRICK ENGEL
Name: Patrick Engel
Title: Managing Director

MIZUHO BANK, LTD.,
as a Lender

By: /S/ NELSON CHANG
Name: Nelson Chang
Title: Authorized Signatory

TD BANK, N.A.,
as a Lender

By: /S/ SHANNON BATCHMAN
Name: Shannon Batchman
Title: Sr. Vice President

U.S. BANK NATIONAL ASSOCIATON,
as a Lender

By: /S/ JAMES O'SHAUGHNESSY

Name: James O'Shaughnessy

Title: Vice President

JPMORGAN CHASE BANK, N.A.,

as a Lender

By: /S/ AMIT GAUR

Name: Amit Gaur

Title: Vice President

GOLDMAN SACHS BANK USA,

as a Lender

By: /S/ REBECCA KRATZ

Name: Rebecca Kratz

Title: Authorized Signatory

KEYBANK NATIONAL ASSOCIATION.,

as a Lender

By: /S/ LISA A. RYDER

Name: Lisa A. Ryder

Title: Senior Vice President

ROYAL BANK OF CANADA,

as a Lender

By: /S/ ERIC KOPPELSON

Name: Eric Koppelson

Title: Vice President

THE BANK OF NEW YORK MELLON,

as a Lender

By: /S/ RICHARD K. FRONAPFEL, JR

Name: Richard K. Fronapfel, Jr.

Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,

as a Lender

By: /S/ THOMAS E. REDMOND

Name: Thomas E. Redmond

Title: Managing Director

COBANK, ACB,

as a Lender

By: /S/ JOSH BATCHELDER

Name: Josh Batchelder
Title: Vice President

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Published CUSIP Numbers: 30040TAC9 (Facility)
30040TAD7 (Revolver)

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of December 8, 2017

among

EVERSOURCE ENERGY
AND, DOING BUSINESS AS EVERSOURCE ENERGY,
NSTAR GAS COMPANY,
THE CONNECTICUT LIGHT AND POWER COMPANY,
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE,
WESTERN MASSACHUSETTS ELECTRIC COMPANY
and
YANKEE GAS SERVICES COMPANY,
as the Borrowers,

BANK OF AMERICA, N.A.,
as Administrative Agent and Swing Line Lender,

and

THE OTHER LENDERS PARTY HERETO

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
BARCLAYS BANK PLC,
CITIGROUP GLOBAL MARKETS INC.,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
WELLS FARGO SECURITIES, LLC,
MIZUHO BANK, LTD.,
TD SECURITIES (USA) LLC
and
U.S. BANK NATIONAL ASSOCIATION,
as Joint Lead Arrangers and Joint Bookrunners

BARCLAYS BANK PLC,
as Syndication Agent

CITIBANK, N.A.,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
WELLS FARGO BANK, NATIONAL ASSOCIATION,
MIZUHO BANK, LTD.,
TD BANK, N.A.
and
U.S. BANK NATIONAL ASSOCIATION,

as Co-Documentation Agents

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AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT is entered into as of December 8, 2017 among Eversource Energy, an unincorporated voluntary business association organized under the laws of the Commonwealth of Massachusetts (“Eversource”), NSTAR Gas Company, a Massachusetts corporation (“NSTAR Gas”), The Connecticut Light and Power Company, a Connecticut corporation (“CL&P”), Public Service Company of New Hampshire, a New Hampshire corporation (“PSNH”), Western Massachusetts Electric Company, a Massachusetts corporation (“WMECO”), and Yankee Gas Services Company, a Connecticut corporation (“Yankee Gas”), the Lenders (defined herein) and BANK OF AMERICA, N.A., as Administrative Agent and Swing Line Lender. Each of NSTAR Gas, CL&P, PSNH, WMECO and Yankee Gas is doing business as Eversource Energy and, together with Eversource, are referred to collectively herein as the “Borrowers” and each individually a “Borrower”.

The Borrowers have requested that the Lenders provide \$1,450,000,000 in revolving credit facilities for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

This Agreement is given in amendment to, restatement of and substitution for the Existing Credit Agreement (as hereinafter defined).

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

“Additional Arranger Fee Letter” means the letter agreement, dated as of December 1, 2017 among Eversource, NSTAR Electric, Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Wells Fargo Securities, LLC, Mizuho Bank, Ltd., TD Securities (USA) LLC and U.S. Bank National Association.

“Additional Commitment Lender” has the meaning specified in Section 2.17(d).

“Administrative Agent” means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.02 or such other address or account as the Administrative Agent may from time to time notify the Borrowers and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Revolving Commitments” means the Revolving Commitments of all the Lenders. The aggregate principal amount of the Aggregate Revolving Commitments in effect on the Effective Date is ONE BILLION FOUR HUNDRED FIFTY MILLION DOLLARS (\$1,450,000,000).

“Agreement” means this Amended and Restated Credit Agreement.

“Applicable Margin” means, with respect to Revolving Loans, Swing Line Loans and the Facility Fee, determined with respect to each Borrower, for any day, the following percentages per annum in effect on such day, based upon the Reference Rating of the applicable Borrower:

Pricing Level	Reference Rating	Eurodollar Rate Loans	Base Rate Loans	Facility Fee
1	≥A+/A1	0.800%	0.000%	0.075%
2	A/A2	0.900%	0.000%	0.100%
3	A-/A3	1.000%	0.000%	0.125%
4	BBB+/Baa1	1.075%	0.075%	0.175%
5	BBB/Baa2	1.275%	0.275%	0.225%
6	≤BBB-/Baa3	1.475%	0.475%	0.275%

Any increase or decrease in the Applicable Margin resulting from a change in any Reference Rating shall take effect at the time of such change in such Reference Rating. For purposes of the foregoing, (w) if Eversource does not have a rating of its Borrower Unsecured Debt by either S&P or Moody’s, then Pricing Level 6 shall apply, (x) in the case of a split in the Reference Ratings of one level, the higher level shall apply, (y) in the case of a split in the Reference Ratings of more than one level, the Reference Rating that is one level lower than the higher level shall apply, and (z) if there is no Reference Rating then the rating Pricing Level 6 shall apply.

“Applicable Percentage” means with respect to any Lender at any time, the percentage of the Aggregate Revolving Commitments represented by such Lender’s Revolving Commitment at such time, subject to adjustment as provided in Section 2.15; provided that if the commitment of each Lender to make Revolving Loans has been terminated in its entirety pursuant to Section 9.02 or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Approving Lenders” has the meaning specified in Section 2.17(e).

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit 11.06(b) or any other form approved by the Administrative Agent.

“Audited Financial Statements” means the audited consolidated balance sheet of each Borrower and its Subsidiaries for the fiscal years ended December 31, 2014, December 31, 2015 and December 31, 2016 and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of such Person, including the notes thereto, audited by independent public accountants of recognized national standing and prepared in conformity with GAAP.

“Availability Period” means, with respect to the Revolving Commitments, the period from and including the Effective Date to the earliest of (a) the Revolving Loan Maturity Date and (b) the date of termination in full of the remaining unused portion of the Aggregate Revolving Commitments pursuant to Section 2.06.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank of America” means Bank of America, N.A. and its successors.

“Bank of America Agency Fee Letter” means the letter agreement, dated as of December 8, 2017 among Eversource and Bank of America.

“Bank of America and Barclays Fee Letter” means the letter agreement, dated as of November 3, 2017 among Eversource, NSTAR Electric, Bank of America, Barclays Bank PLC and MLPFS.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus one-half of one percent (0.50%), (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate” and (c) the Eurodollar Rate for an Interest Period of one (1) month plus one percent (1.00%), and if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the “prime rate” announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” and “Borrowers” have the meanings specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 7.02.

“Borrower Secured Debt” has the meaning specified in the definition of “Reference Ratings”.

“Borrower Sublimit” means, as to any Borrower, the amount set forth opposite such Borrower’s name below:

Borrower	Borrower Sublimit
Eversource	\$1,450,000,000
NSTAR Gas	\$300,000,000
CL&P	\$600,000,000
PSNH	\$300,000,000
WMECO	\$300,000,000
Yankee Gas	\$300,000,000

Each Borrower Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments. For purposes of clarity, in the event that any Borrower merges into another entity and is not the surviving Person, dissolves or otherwise ceases to have a legal existence, then the Borrower Sublimit with respect to such Borrower shall no longer exist, and the Borrower Sublimits of the remaining Borrowers shall be unaffected by the elimination of such Borrower Sublimit; provided, however, that if a Borrower merges or is liquidated into another Borrower, the Borrower Sublimit of the surviving Borrower shall be increased by the amount of the Borrower Sublimit of the merged or liquidated Borrower on terms and subject to limitations reasonably satisfactory to the Lenders; provided, further, that in no event shall a Borrower Sublimit exceed the Aggregate Revolving Commitments.

“Borrower Unsecured Debt” has the meaning specified in the definition of “Reference Ratings”.

“Borrowing” means each of the following: (a) a borrowing of Swing Line Loans pursuant to Section 2.04 and (b) a borrowing consisting of simultaneous Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located or New York and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent or Swing Line Lender (as applicable) and the Lenders, as collateral

for Obligations in respect of Swing Line Loans or obligations of Lenders to fund participations in respect of Swing Line Loans, cash or deposit account balances or, if the Swing Line Lender benefitting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) the Swing Line Lender. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Certifying Officer” has the meaning specified in Section 7.02(b).

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means the occurrence of any of the following events,

(a) with respect to Eversource:

(i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) either (A) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire (such right, an “option right”), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than fifty percent (50%) of the Equity Interests of Eversource entitled to vote for trustees of Eversource or equivalent governing body of Eversource on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) or (B) obtains the power (whether or not exercised) to elect a majority of Eversource’s trustees; or

(ii) the board of trustees of Eversource shall not consist of a majority of Continuing Trustees. For purposes of this definition, the term “Continuing Trustees” means trustees of Eversource on the date hereof and each other trustee of Eversource, if such other trustee’s nomination for election to the board of trustees of Eversource is recommended by a majority of the then Continuing Trustees.

(b) with respect to any Borrower (other than Eversource), Eversource shall cease to own and control, of record and beneficially, free and clear of all Liens except for Liens permitted under Section 8.01, one hundred percent (100%) of the outstanding Equity Interests of such Borrower (other than Eversource) entitled to vote (currently exercisable in the case of any preferred Equity Interests) for the election of directors; or

(c) with respect to Eversource, Eversource shall cease to own and control, of record and beneficially, free and clear of all Liens except for Liens permitted under Section 8.01, at least eighty-five percent (85%) of the outstanding Equity Interests of each of CL&P, NSTAR Gas, PSNH, WMECO, Yankee Gas and NSTAR Electric entitled to vote (currently exercisable in the case of any preferred Equity Interests) for the election of directors, in each case at any time any such Subsidiary of Eversource is not a Borrower; or

(d) with respect to any Borrower, such Borrower shall cease to own and control, of record and beneficially, free and clear of all Liens except for Liens permitted under Section 8.01, eighty-five percent (85%) of the outstanding Equity Interests entitled to vote (currently exercisable in the case of any preferred Equity Interests) for the election of directors of any Principal Subsidiary.

“CL&P” has the meaning specified in the introductory paragraph hereto.

“Compliance Certificate” has the meaning specified in Section 7.02(b).

“Consolidated Capitalization” means, with respect to any Borrower at any date of determination, the sum of (a) Consolidated Indebtedness of such Borrower, (b) the aggregate of the par value of, or stated capital represented by, the outstanding shares of all classes of common and preferred shares of such Borrower and its Subsidiaries excluding, however, from such calculation, amounts identified as “Accumulated Other Comprehensive Income (Loss)” in the financial statements of the Borrowers set forth in the Borrowers’ Report on Form 10-K or 10-Q, as the case may be, most recently filed with the SEC prior to the date of such determination and (c) the consolidated surplus of such Borrower and its Subsidiaries, paid-in, earned and other capital, if any, in each case as determined on a consolidated basis in accordance with GAAP.

“Consolidated Indebtedness” means Indebtedness of any Borrower and its Subsidiaries on a consolidated basis determined in accordance with GAAP, excluding, however, from such calculation, (a) in the case of Refinancing Indebtedness, any amounts as to which any Borrower or its Subsidiaries have, (i) in accordance with the terms of the applicable agreements, and on or prior to the date of incurring such Refinancing Indebtedness, sent the holders of the Indebtedness to be refinanced, or their trustee, as applicable, a notice of redemption and (ii) within fourteen (14) days after incurrence of such Refinancing Indebtedness, segregated with the trustee therefor or with such other financial institution as may be acceptable to the Administrative Agent, in accordance with the terms of the applicable agreements relating to such Indebtedness, sufficient funds to redeem such Indebtedness and fully discharge such Borrower’s obligations with respect thereto.

“Consolidated Indebtedness to Capitalization Ratio” means, for any Borrower, as of any date of determination, the ratio of (a) Consolidated Indebtedness of such Borrower to (b) Consolidated Capitalization of such Borrower.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote ten percent (10%) or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate equal to (a) the Base Rate plus (b) the Applicable Margin, if any, applicable to Base Rate Loans plus (c) two percent (2%) per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan plus two percent (2%) per annum, in each case to the fullest extent permitted by applicable Laws.

“Defaulting Lender” means any Lender, as determined by the Administrative Agent, that (a) has failed to perform any of its funding obligations hereunder, including in respect of its Revolving Loans or participations in respect of Swing Line Loans, within three (3) Business Days of the date required to be funded by it hereunder, unless (other than in respect of fundings of participations of Swing Line Loans) such Lender notifies the Administrative Agent and the applicable Borrower in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) has notified the applicable Borrower or the Administrative Agent that it does not intend to comply with its funding obligations hereunder or has made a public statement to that effect with respect to its funding obligations hereunder (unless (other than in respect of fundings of participations of Swing Line Loans) such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied) or under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the applicable Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment or (iv) become the subject of a Bail-In Action; provided, that, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interests in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Such Lender shall cease to be a Defaulting Lender when the provisions of Section 2.15(b) shall have been satisfied.

“Designated Jurisdiction” means any country, region or territory to the extent that such country, region or territory is the subject of any Sanction.

“Disclosure Documents” means for the Borrowers and each Principal Subsidiary, as applicable: (a) such Person’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016; (b) its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017; and (c) such Person’s Current Reports on Form 8-K filed after December 31, 2016 but prior to the date hereof.

“Dollar” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any state of the United States or the District of Columbia.

“DPU” means the Massachusetts Department of Public Utilities and any successor agency thereto.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date hereof.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 11.06(b)(ii) and (iv) (subject to such consents, if any, as may be required under Section 11.06(b)(ii)).

“Environmental Laws” means any and all federal, state, local, foreign and other applicable statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any of the Borrowers or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such

Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with any Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Sections 4041 of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042(a)(1)-(a)(3) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Internal Revenue Code or Sections 303, 304 and 305 of ERISA in a manner that would affect a Borrower’s ability to perform its Obligations hereunder; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate in a manner that would affect a Borrower’s ability to perform its Obligations hereunder.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurodollar Base Rate” means, for any Interest Period with respect to any Eurodollar Rate Loan, (a) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the London interbank offered rate (such page currently being the LIBOR01 page) (the “LIBO Rate”) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the LIBO Rate for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if any such rate determined pursuant to the preceding clauses (a) or (b) is less than zero, the Eurodollar Base Rate will be deemed to be zero.

“Eurodollar Rate” means (a) for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (i) the Eurodollar Base Rate for such Eurodollar Rate Loan for such Interest Period by (ii) one minus the Eurodollar Reserve Percentage for such Eurodollar Rate Loan as in effect from time to time during such Interest Period and (b) for any day with respect to any Base Rate Loan bearing interest at a rate based on the

Eurodollar Rate, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (i) the Eurodollar Base Rate for such Base Rate Loan for such day by (ii) one minus the Eurodollar Reserve Percentage for such Base Rate Loan for such day.

“Eurodollar Rate Loan” means a Loan that bears interest at a rate based on clause (a) of the definition of “Eurodollar Rate”.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurodollar Rate for each outstanding Eurodollar Rate Loan and for each outstanding Base Rate Loan the interest on which is determined by reference to the Eurodollar Rate, in each case, shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“Event of Default” has the meaning specified in Section 9.01.

“Eversource” has the meaning specified in the introductory paragraph hereto.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) Taxes imposed on or measured by its overall income (however denominated), and franchise (and similar) Taxes imposed on it (in lieu of income Taxes), (i) by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located or (ii) as a result of a present or former connection between such recipient and the jurisdiction of the Governmental Authority imposing such Tax (other than a connection arising solely from such recipient having executed, delivered, become a party to, perform its obligations under, received a payment under, received or perfected a security interest under or engaged in any other transaction pursuant to or enforced under any Loan Document), (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction in which such Borrower is located, (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by such Borrower under Section 11.13), any United States withholding Tax that is required to be imposed on amounts payable to such Foreign Lender pursuant to the Laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office or changes its place of organization), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment) or change in its place of organization, to receive additional amounts from such Borrower with respect to such withholding Tax pursuant to Section 3.01(a)(i) or (c), (d) Taxes attributable to such recipient’s failure or inability to comply with Section 3.01(e) and (e) any U.S. federal withholding taxes imposed under FATCA.

“Existing Credit Agreement” means that certain Amended and Restated Credit Agreement dated as of October 26, 2015 among Eversource, NSTAR Gas, CL&P, PSNH, WMECO and Yankee Gas, as borrowers, the lenders party thereto and Bank of America, N.A., as agent.

“Facility Fee” has the meaning set forth in Section 2.09(a).

“Facility Percentage” means, with respect to each Borrower at all times, the percentage equal to the quotient of (a) the Borrower Sublimit of such Borrower divided by (b) sum of all Borrower Sublimits (after giving effect to any reduction of any Borrower Sublimits as provided in Section 2.06). As of the Effective Date, the Facility Percentage of each Borrower is as set forth below:

Borrower	Facility Percentage
Eversource	44.61538%
NSTAR Gas	9.23077%
CL&P	18.46154%
PSNH	9.23077%
WMECO	9.23077%
Yankee Gas	9.23077%
Total	100.00000%

provided, however, if any Borrower ceases to be a “Borrower” under this Agreement, the Facility Percentage for each remaining Borrower shall be adjusted accordingly by the Administrative Agent without any further action or consent of any other party to any Loan Documents.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any intergovernmental agreements entered into pursuant to such provisions of the Internal Revenue Code.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“Fee Letters” means the Bank of America and Barclays Fee Letter, the Additional Arranger Fee Letter and the Bank of America Agency Fee Letter.

“FERC” means the Federal Energy Regulatory Commission or any successor agency thereto.

“Financing Agreements” has the meaning specified in Section 8.09.

“First Mortgage Indentures” means, (a) in the case of CL&P, the Indenture of Mortgage and Deed of Trust, dated as of May 1, 1921 (the “CL&P Indenture”), from CL&P to Deutsche Bank Trust Company Americas, as successor trustee, as previously and hereafter amended and supplemented from time to time, (b) in the case of Yankee Gas, the Indenture of Mortgage and Deed of Trust, dated as of July 1, 1989, between Yankee Gas and The Bank of New York Mellon, as successor trustee, as in effect on the date hereof and as amended and supplemented from time to time, (c) in the case of WMECO, NSTAR Electric and NPT (should NPT then be a Principal Subsidiary), any first mortgage indenture entered into after the date hereof, provided (i) such indenture covers substantially the same type of collateral as under the Old WMECO Indenture, (ii) such indenture is substantially similar in form and substance to the CL&P Indenture and (iii) such indenture and the lien created thereby receive all necessary regulatory approval, (d) in the case of PSNH, the First Mortgage Indenture, dated as of August 15, 1978, between PSNH and U.S. Bank, National Association, as successor trustee, as previously and hereafter amended and supplemented from time to time, and (e) in the

case of NSTAR Gas, the Indenture of Trust and First Mortgage by NSTAR Gas (formerly known as Commonwealth Gas Company, formerly known as Worcester Gas Light Company) dated February 1, 1949.

“Foreign Lender” means any Lender that is not a U.S. Person.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender, with respect to the Swing Line Lender, such Defaulting Lender’s Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, consistently applied and as in effect from time to time.

“Governmental Approval” means any authorization, consent, approval, license, permit, certificate, exemption of, or filing or registration with, any governmental authority or other legal regulatory body (including, without limitation, the SEC, FERC, the Nuclear Regulatory Commission, the Connecticut Public Utility Regulatory Authority, the New Hampshire Public Utilities Commission and the DPU) required in connection with (i) the execution, delivery or performance of any Loan Document, or (ii) the nature of any Borrower’s or any Subsidiary’s business as conducted or the nature of the property owned or leased by it.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature identified as hazardous, dangerous or toxic and regulated pursuant to any Environmental Law.

“Indebtedness” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money or for the deferred purchase price of property or services other than trade accounts payable, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments (excluding Stranded Cost Recovery Obligations that are non-recourse to such Person), (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations under leases that shall have been or should be, in accordance with GAAP, recorded as capital leases in respect of which such Person is liable as lessee, (e) liabilities in respect of unfunded vested benefits incurred under any Multiemployer Plan that is reasonably likely to result in a direct obligation of any Borrower to pay money, (f) reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers acceptances, surety or other bonds and similar instruments that are not cash collateralized,

(g) all Indebtedness of others secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person, up to the greater of (x) the extent of the book value of any such asset so pledged and (y) the amount of any liability of such Person for any deficiency and (h) obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to above.

“Indemnified Taxes” means (a) Taxes other than Excluded Taxes imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Loan Document and (b) Other Taxes.

“Indemnitees” has the meaning specified in Section 11.04(b).

“Information” has the meaning specified in Section 11.07.

“Interest Payment Date” means (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Revolving Loan Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three (3) months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Revolving Loan Maturity Date.

“Interest Period” means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one (1), two (2), three (3) or six (6) months thereafter (in each case, subject to availability), as selected by the applicable Borrower in its Revolving Loan Notice, or such other period that is twelve months or less requested by the applicable Borrower and consented to by all of the applicable Lenders, provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period with respect to any Revolving Loan shall extend beyond the Revolving Loan Maturity Date.

“Interim Financial Statements” has the meaning set forth in Section 5.01(c)(ii).

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Internal Revenue Service” means the United States Internal Revenue Service.

“Joint Lead Arrangers” means, collectively, MLPFS, Barclays Bank PLC, Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Wells Fargo Securities, LLC, Mizuho Bank, Ltd., TD

Securities (USA) LLC and U.S. Bank National Association, in their capacities as joint lead arrangers and joint bookrunners, in each case together with their respective successors and assigns.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case having the force of law.

“Lenders” means each of the Persons identified as a “Lender” on the signature pages hereto and their successors and assigns and, as the context requires, includes the Swing Line Lender.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” means an extension of credit by a Lender to any Borrower under Article II in the form of a Revolving Loan or Swing Line Loan.

“Loan Documents” means this Agreement, each Note and any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.14 of this Agreement.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Long-Term Indebtedness Approvals” has the meaning specified in the definition of “Revolving Loan Maturity Date”.

“Material Adverse Effect” means, with respect to any Borrower, (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of such Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under the Loan Documents or of the ability of such Borrower to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against such Borrower of any Loan Document to which it is a party.

“MLPFS” means Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation’s or any of its subsidiaries’ investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement).

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Non-Consenting Lender” has the meaning set forth in Section 11.13.

“Non-Extending Lender” has the meaning specified in Section 2.17(b).

“Note” or “Notes” means the Revolving Notes or the Swing Line Note, individually or collectively, as appropriate.

“Notice Date” has the meaning specified in Section 2.17(b).

“NPT” means Northern Pass Transmission LLC, a New Hampshire limited liability company.

“NSTAR Electric” means NSTAR Electric Company, as Massachusetts corporation.

“NSTAR Gas” has the meaning specified in the introductory paragraph hereto.

“Obligations” means, without duplication, all of the several but not joint obligations of the Borrowers to the Lenders and the Administrative Agent, whenever arising, under this Agreement, any Notes or any of the other Loan Documents.

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

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document. For the avoidance of doubt, “Other Taxes” shall not include any Excluded Taxes.

“Outstanding Amount” means with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of any Loans occurring on such date.

“Participant” has the meaning specified in Section 11.06(d).

“Participant Register” has the meaning specified in Section 11.06(d).

“PBGC” means the Pension Benefit Guaranty Corporation or any successor thereto.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Internal Revenue Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in Section 412, 430, 431, 432 and 436 of the Internal Revenue Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) that is maintained or is contributed to by any Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to minimum funding standards under Section 412 of the Internal Revenue Code.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Platform” has the meaning specified in Section 7.02.

“Prepayment Notice” means a notice of prepayment pursuant to Section 2.05(a), which shall be substantially in the form of Exhibit 2.05 or such other form as may be reasonably approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Principal Subsidiary” means (a) NSTAR Electric, NSTAR Gas, CL&P, PSNH, WMECO, and Yankee Gas, (b) each of any Subsidiary that during any fiscal quarter, with respect to any Borrower and its Subsidiaries taken as a whole, represents at least (i) ten percent (10%) of such Borrower’s consolidated assets (calculated as an average of such consolidated assets over the preceding four fiscal quarters) and (ii) ten percent (10%) of such Borrower’s consolidated net income (or loss) (calculated as a sum of such net income (or loss) over the preceding four fiscal quarters), whether such Subsidiary is owned directly or indirectly by such Borrower and (c) any Person deemed to be a “Principal Subsidiary” pursuant to Section 8.02.

“PSNH” has the meaning specified in the introductory paragraph hereto.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lender” has the meaning specified in Section 7.02.

“Recipient” means the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder.

“Reference Ratings” means, (a) with respect to Eversource, the rating(s) assigned by S&P and/or Moody’s to the long-term senior unsecured non-credit enhanced debt (the “Borrower Unsecured Debt”) of Eversource and (b) with respect to each Borrower other than Eversource, the rating(s) assigned by S&P and/or Moody’s to the Borrower Unsecured Debt of such Borrower; provided, that with respect to any Borrower other than Eversource:

(a) if neither S&P nor Moody’s maintains a rating on the Borrower Unsecured Debt of the Borrower because no such Borrower Unsecured Debt is outstanding, then the “Reference Ratings” shall be based on the rating(s) assigned by S&P and/or Moody’s to the long-term senior secured debt (the “Borrower Secured Debt”) of the Borrower, but such rating(s) shall be deemed to be one rating

category lower than the rating assigned to the Borrower Secured Debt by S&P or Moody's for purposes of determining the Pricing Level as set forth in the definition of "Applicable Margin" (e.g. a Borrower Secured Debt of AA-/Aa3 shall be deemed to be A+/A1 and a Borrower Secured Debt of A-/A3 shall be deemed to be BBB+/Baa1); and

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

"Refinancing Indebtedness" means Consolidated Indebtedness incurred for the purpose of refinancing existing Consolidated Indebtedness.

"Register" has the meaning specified in Section 11.06(c).

"Regulatory Assets" means, with respect to CL&P, NSTAR Gas, PSNH, WMECO or Yankee Gas, an intangible asset established by statute, regulation or regulatory order or similar action of a utility regulatory agency having jurisdiction over CL&P, NSTAR Gas, PSNH, WMECO or Yankee Gas, as the case may be, and included in the rate base of CL&P, NSTAR Gas, PSNH, WMECO or Yankee Gas, as the case may be, with the intention that such asset be amortized by rates over time.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

"Request for Borrowing" means (a) with respect to a Borrowing, conversion or continuation of Revolving Loans, a Revolving Loan Notice and (b) with respect to a Swing Line Loan, a Swing Line Loan Notice.

"Required Lenders" means, at any time, Lenders having Total Credit Exposures representing more than fifty percent (50%) of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time; provided that the amount of any participation in any Swing Line Loan that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the Swing Line Lender in making such determination.

"Responsible Officer" means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Borrower and, solely for purposes of the delivery of certificates pursuant to Section 5.01, the secretary or any assistant secretary of a Borrower. Any document delivered hereunder that is signed by a Responsible Officer of a Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Borrower.

"Revolving Commitment" means, as to each Lender, its obligation to (a) make Revolving Loans to any Borrower pursuant to Section 2.01 and (b) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a

party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“Revolving Credit Exposure” means, as to any Lender at any time, the sum of (i) the aggregate Outstanding Amount of such Lender’s Revolving Loans at such time plus (ii) such Lender’s Applicable Percentage of the Outstanding Amount of all Swing Line Loans at such time.

“Revolving Loan” has the meaning specified in Section 2.01.

“Revolving Loan Notice” means a notice of (a) a Borrowing of Revolving Loans, (b) a conversion of Revolving Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, in each case pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit 2.02(a) or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Revolving Loan Maturity Date” means (a) the later of (i) December 8, 2022 and (ii) with respect to some or all of the Lenders if the Revolving Loan Maturity Date is extended pursuant to Section 2.17, such extended Revolving Loan Maturity Date or (b) such earlier date on which the Loans are due and payable pursuant to the terms of this Agreement; provided, that if any Borrower is unable to obtain all required Governmental Approvals, such approvals to be reasonably satisfactory to the Administrative Agent, for such Borrower’s incurrence of indebtedness payable more than one (1) year from the incurrence thereof (“Long-Term Indebtedness Approvals”) prior to the initial making of any Loan hereunder, then the Revolving Loan Maturity Date for such Borrower shall be the date that is the 364th day to occur following the date of the initial Borrowing by such Borrower hereunder (the “364-Day Maturity Date”), provided that in no event shall the 364-Day Maturity Date be later than the Revolving Loan Maturity Date set forth in clause (a) above; provided further that if such Borrower shall obtain such Long-Term Indebtedness Approvals prior to the 364-Day Maturity Date, then, at the request of such Borrower and provided that (x) no Default or Event of Default exists with respect to such Borrower and (y) the representations and warranties of such Borrower contained in Article VI (other than Sections 6.05(c) and 6.06) or in any other Loan Document shall be true and correct in all material respects on and as of the date, such 364-Day Maturity Date shall automatically extend to the extent permitted by such Governmental Approval but in no event later than the Revolving Loan Maturity Date set forth in clause (a) above.

“Revolving Note” has the meaning specified in Section 2.11(a).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of McGraw-Hill Financial Inc., and any successor thereto.

“Sanctions” means any international economic sanction administered or enforced by the United States government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Solvent” or “Solvency” means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, including contingent obligations as they mature, (b) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute unreasonably small capital, (c) the fair value

of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person and (d) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Stranded Cost Recovery Obligations” means, with respect to any Person, such Person’s obligations to make principal, interest or other payments to the issuer of stranded cost recovery bonds pursuant to a loan agreement or similar arrangement whereby the issuer has loaned the proceeds of such bonds to such Person.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrowers.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement, but excluding in all instances obligations under default service and standard offer power supply agreements entered into in the ordinary course of business.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Swing Line Lender” means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.04(a).

“Swing Line Loan Notice” means a notice of a Borrowing of Swing Line Loans pursuant to Section 2.04(b), which shall be substantially in the form of Exhibit 2.04(b) or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Swing Line Note” has the meaning specified in Section 2.11(a).

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$100,000,000 and (b) the Aggregate Revolving Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing arrangement whereby the arrangement is considered borrowed money indebtedness for tax purposes but is classified as an operating lease or does not otherwise appear on a balance sheet under GAAP.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Threshold Amount” means \$50,000,000.

“364-Day Maturity Date” has the meaning specified in the definition of “Revolving Loan Maturity Date”.

“Total Credit Exposure” means, as to any Lender at any time, the unused Revolving Commitments and Revolving Credit Exposure of such Lender at such time.

“Total Revolving Outstandings” means the aggregate Outstanding Amount of all Revolving Loans and all Swing Line Loans.

“Type” means, with respect to any Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“United States” and “U.S.” mean the United States of America.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Internal Revenue Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(III).

“Voting Stock” means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

“WMECO” has the meaning specified in the introductory paragraph hereto.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

“Yankee Gas” has the meaning specified in the introductory paragraph hereto.

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all real and personal property and tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Generally. Except as otherwise specifically prescribed herein, all accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements; provided, however, that calculations of attributable Indebtedness under any Synthetic Lease or the implied interest component of any Synthetic Lease shall be made by the Borrowers in accordance with accepted financial practice and consistent with the terms of such Synthetic Lease.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers

shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

(c) FASB ASC 825 and FASB ASC 470-20. Notwithstanding the above, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrowers and their Subsidiaries shall be deemed to be carried at one hundred percent (100%) of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

1.04 Rounding.

Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Rates.

The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of "Eurodollar Rate" or with respect to any comparable or successor rate thereto.

ARTICLE II

THE COMMITMENTS AND BORROWINGS

2.01 Revolving Commitments. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Revolving Loan") to each Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Borrowing of Revolving Loans, (a) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, (b) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment and (c) the Total Revolving Outstandings of any Borrower shall not exceed such Borrower's Borrower Sublimit. Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, each Borrower may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01. Revolving Loans may be Base Rate Loans or Eurodollar

Rate Loans, or a combination thereof, as further provided herein, provided, however, all Borrowings made on the Effective Date shall be made as Base Rate Loans.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the applicable Borrower's irrevocable notice to the Administrative Agent, which may be given by (a) a Revolving Loan Notice or (b) telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three (3) Business Days prior to the requested date of any Borrowing of, conversion to or continuation of, Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans prior to the end of the applicable Interest Period, and (ii) on the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by a Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a Revolving Loan Notice. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Except as provided in Section 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Revolving Loan Notice and each telephonic notice shall specify (i) whether the applicable Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If a Borrower fails to specify a Type of a Loan in a Revolving Loan Notice or if a Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If a Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any Revolving Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Revolving Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the applicable Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans as described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Revolving Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 5.02 (and, if such Borrowing is the initial Borrowing, Section 5.01), the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and acceptable to) the Administrative Agent by such Borrower.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default with respect to any Borrower, no Loans may be requested as, converted to or

continued as Eurodollar Rate Loans with respect to such Borrower without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrowers and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrowers and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than eight (8) Interest Periods in effect with respect to all Loans.

2.03 [Reserved].

2.04 Swing Line Loans.

(a) Swing Line Facility. Subject to the terms and conditions set forth herein, the Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this Section 2.04, shall make loans (each such loan, a "Swing Line Loan") to each Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment and (iii) the Total Revolving Outstandings of any Borrower shall not exceed such Borrower's Borrower Sublimit, and provided, further, that no Borrower shall use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, each Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Borrowing of Swing Line Loans shall be made upon the applicable Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by (a) a Swing Line Loan Notice or (b) telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 2:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum principal amount of \$500,000 and integral multiples of \$100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a Swing Line Loan Notice. Promptly after receipt by the Swing Line Lender of any Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Borrowing of Swing Line Loans (A) directing the Swing Line Lender not to make such

Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article V is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the applicable Borrower.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole discretion may request, on behalf of the applicable Borrower (which hereby irrevocably requests and authorizes the Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Revolving Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the conditions set forth in Section 5.02 (other than the delivery of a Revolving Loan Notice) and provided that, after giving effect to such Borrowing, the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments. The Swing Line Lender shall furnish the applicable Borrower with a copy of the applicable Revolving Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Revolving Loan Notice available to the Administrative Agent in immediately available funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Revolving Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the applicable Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Borrowing of Revolving Loans in accordance with Section 2.04(c)(i), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right that such Lender may have against the Swing Line Lender, any Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Revolving Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 5.02. No such purchase or funding of risk participations shall relieve or otherwise impair the obligation of any Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination thereof.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the applicable Borrower for interest on the Swing Line Loans. Until each Lender funds its Revolving Loans that are Base Rate Loans or risk participation pursuant to this Section 2.04 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. Each Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments.

(a) Voluntary Prepayments.

(i) Revolving Loans. Each Borrower may, upon delivery of a Prepayment Notice from such Borrower to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Loans, in whole or in part without premium or penalty; provided that (A) such Prepayment Notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three (3) Business Days prior to any date of prepayment of

Eurodollar Rate Loans (prior to the end of an applicable Interest Period) and (2) on the date of prepayment of Base Rate Loans; (B) any such prepayment of Eurodollar Rate Loans shall be in a principal amount of \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); and (C) any prepayment of Base Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding). Each such Prepayment Notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such Prepayment Notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such Prepayment Notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such Prepayment Notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.15, each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages.

(ii) Swing Line Loans. Each Borrower may, upon delivery of a Prepayment Notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (A) such Prepayment Notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (B) any such prepayment shall be in a minimum principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof (or, if less, the entire principal thereof then outstanding). Each such Prepayment Notice shall specify the date and amount of such prepayment. If such Prepayment Notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such Prepayment Notice shall be due and payable on the date specified therein.

(b) Mandatory Prepayments of Loans.

(i) Revolving Commitments. If for any reason (A) the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect or (B) the Total Revolving Outstandings of any Borrower at any time exceed such Borrower's Borrower Sublimit, the applicable Borrower or Borrowers shall immediately prepay Revolving Loans and/or the Swing Line Loans in an aggregate amount equal to such excess.

(ii) Application of Mandatory Prepayments. All amounts required to be paid pursuant to Section 2.05(b)(i) shall be applied ratably to Revolving Loans and Swing Line Loans. Within the parameters of the applications set forth above, prepayments shall be applied first to Base Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.05(b) shall be subject to Section 3.05, but otherwise without premium or penalty, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

2.06 Termination or Reduction of Aggregate Revolving Commitments.

(a) Optional Reductions. The Borrowers, or any Borrower individually, shall have the right, upon at least three (3) Business Days' notice to the Administrative Agent, to terminate in whole

or, upon same day notice, from time to time to permanently reduce (i) ratably in part the unused portion of the Aggregate Revolving Commitments or (ii) the Borrower Sublimit of such Borrower without ratably reducing the unused portion of the Aggregate Revolving Commitments; *provided* that each partial reduction shall be in the aggregate amount of \$5,000,000 or in an integral multiple of \$1,000,000 in excess thereof. Each such notice of termination or reduction shall be irrevocable; *provided, further*, that, if, after giving effect to any reduction, the Swing Line Sublimit or any Borrower Sublimit exceeds the amount of the Aggregate Revolving Commitments, such sublimit shall be automatically reduced by the amount of such excess. Any Aggregate Revolving Commitment reduced or terminated pursuant to this Section may not be reinstated. Any Borrower other than Eversource that terminates its right to obtain Revolving Loans and that has repaid all its Obligations shall no longer constitute a "Borrower".

(b) Notice. The Administrative Agent will promptly notify the Lenders of any termination or reduction of the Swing Line Sublimit, any Borrower's Borrower Sublimit or the Aggregate Revolving Commitments under this Section 2.06. Upon any reduction of the Aggregate Revolving Commitments, the Revolving Commitment of each Lender shall be reduced by such Lender's Applicable Percentage of such reduction amount. All fees in respect of the Aggregate Revolving Commitments accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

2.07 Repayment of Loans.

(a) Revolving Loans. Each Borrower shall repay to the Lenders on the Revolving Loan Maturity Date the aggregate principal amount of all Revolving Loans outstanding on such date.

(b) Swing Line Loans. Each Borrower shall repay each Swing Line Loan on the earlier to occur of (i) the date within one (1) Business Day of demand therefor by the Swing Line Lender and (ii) the Revolving Loan Maturity Date.

2.08 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin, (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, all outstanding Obligations shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(i) If any amount (other than principal of any Loan) is not paid when due (after giving effect to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees.

(a) Facility Fee. Each Borrower shall pay to the Administrative Agent, for the account of each Lender in accordance with its Applicable Percentage, a facility fee (the “Facility Fee”) at a rate per annum equal to the product of (i) the Facility Fee rate specified in the definition of “Applicable Margin” times (ii) such Borrower’s Facility Percentage times (iii) the Aggregate Revolving Commitments. The Facility Fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article V is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Effective Date, and on the Revolving Loan Maturity Date; provided, that each Defaulting Lender shall be entitled to receive fees payable under this Section 2.09(a) for any period during which that Lender is a Defaulting Lender only to extent allocable to the outstanding principal amount of the Loans funded by it. The Facility Fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Margin during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect.

(b) Fee Letters. Each Borrower shall pay to the Joint Lead Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letters. Such fees shall be fully earned when paid and shall be non-refundable for any reason whatsoever.

2.10 Computation of Interest and Fees.

All computations of interest for Base Rate Loans determined by reference to clause (b) of the definition of “Base Rate” in Section 1.01 shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest (including without limitation computations of interest for Base Rate Loans determined by reference to clauses (a) and (c) of the definition of “Base Rate” in Section 1.01) shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.11 Evidence of Debt.

(a) The Borrowings made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Borrowings made by the Lenders to each

Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of any Borrower hereunder to pay any amount owing with respect to the Loans. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the applicable Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall (i) in the case of Revolving Loans, be in the form of Exhibit 2.11(a)-1 (a "Revolving Note") and (ii) in the case of Swing Line Loans, be in the form of Exhibit 2.11(a)-2 (a "Swing Line Note"). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by any Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by any Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Subject to the definition of "Interest Period", if any payment to be made by any Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of any Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available

to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) in the case of a payment to be made by such Borrower, the interest rate applicable to Base Rate Loans. If such Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by such Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(i) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the applicable Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the applicable Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Borrowing set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall promptly return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in Swing Line Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 11.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders.

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in Swing Line Loans held by it (excluding any amounts applied by the Swing Line Lender to outstanding Swing Line Loans) resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of any Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) the application of Cash Collateral provided for in Section 2.14 or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations Swing Line Loans to any assignee or participant, other than an assignment to any Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

2.14 Cash Collateral.

(a) Certain Credit Support Events. At any time that there shall exist a Defaulting Lender, immediately upon the request of the Administrative Agent or the Swing Line Lender, each Borrower shall deliver to the Administrative Agent Cash Collateral in an amount sufficient to cover all Fronting Exposure (after giving effect to Section 2.15(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at the Administrative Agent. Each Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent and the Lenders (including the Swing Line Lender) and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.14(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or

claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure and other obligations secured thereby, each Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.14, Section 2.04, or Section 2.15 in respect of Swing Line Loans shall be held and applied in satisfaction of the specific Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of a Borrower shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.14 may be otherwise applied in accordance with Section 9.03) and (y) the Person providing Cash Collateral and the Swing Line Lender may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.15 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendment. The Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 11.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amount received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article IX or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 11.08), shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the Swing Line Lender hereunder; third, if so determined by the Administrative Agent or requested by the Swing Line Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swing Line Loan; fourth, as any Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and each Borrower, to be held in a non-interest bearing deposit account

and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; sixth, to the payment of any amounts owing to the Lenders, the Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Swing Line Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and eighth, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided, that, if (x) such payment is a payment of the principal amount of any Loans in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made at a time when the conditions set forth in Section 5.02 were satisfied or waived, such payment shall be applied solely to the pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.15(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. The Defaulting Lender shall not be entitled to receive any Facility Fee pursuant to Section 2.09(a) for any period during which such Lender is a Defaulting Lender (and no Borrower shall be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Swing Line Loans pursuant to Section 2.04, the "Applicable Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Revolving Commitment of that Defaulting Lender; provided, that, each such reallocation (x) shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default or Event of Default exists; and (y) does not cause the aggregate Revolving Credit Exposure of any non-Defaulting Lender to exceed such non-Defaulting Lender's Revolving Commitment.

(b) Defaulting Lender Cure. If each Borrower, the Administrative Agent and the Swing Line Lender agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Revolving Loans and funded and unfunded participations in Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.15(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided, that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Lender was a Defaulting Lender; provided, further, that, except to the extent otherwise expressly agreed by the affected parties and subject to Section 11.24, no

change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender.

2.16 Additional Revolving Commitments.

Eversource may, at any time and from time to time, upon prior written notice by Eversource to the Administrative Agent increase the Aggregate Revolving Commitments (but not the Swing Line Sublimit) by a maximum aggregate amount of up to TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000) with additional Revolving Commitments from any existing Lender with a Revolving Commitment or new Revolving Commitments from any other Person selected by Eversource and acceptable to the Administrative Agent and the Swing Line Lender; provided that:

(a) any such increase shall be in a minimum principal amount of \$10,000,000 and in integral multiples of \$5,000,000 in excess thereof;

(b) no Default or Event of Default shall exist and be continuing at the time of any such increase or would result from any Borrowing on the day of such increase;

(c) no existing Lender shall be under any obligation to increase its Revolving Commitment and any such decision whether to increase its Revolving Commitment shall be in such Lender's sole and absolute discretion;

(d) any new Lender shall join this Agreement by executing such joinder documents required by the Administrative Agent and/or any existing Lender electing to increase its Revolving Commitment shall have executed a commitment agreement satisfactory to the Administrative Agent;

(e) any existing Lender or any new Lender providing a portion of the increase in Revolving Commitments shall be reasonably acceptable to the Administrative Agent and the Swing Line Lender; and

(f) as a condition precedent to such increase, Eversource shall deliver to the Administrative Agent (A) a certificate of each Borrower dated as of the date of such increase (in sufficient copies for each Lender) signed by a Responsible Officer of such Borrower (1) certifying and attaching the resolutions adopted by such Borrower approving or consenting to such increase, and (2) in the case of Eversource, certifying that, before and after giving effect to such increase, the representations and warranties contained in Article VI and the other Loan Documents are true and correct in all material respects on and as of the date of such increase, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Section 2.16, the representations and warranties contained in subsections (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01, and (B) legal opinions and other documents reasonably requested by the Administrative Agent.

Each Borrower shall prepay any Loans owing by it and outstanding on the date of any such increase (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Loans ratable with any revised Revolving Commitments arising from any nonratable increase in the Revolving Commitments under this Section.

2.17 Extension of Revolving Loan Maturity Date.

(a) Request for Extension. The Borrowers may by written notice to the Administrative Agent (who shall promptly notify the Lenders) given not less than forty-five (45) days prior to any anniversary of the Effective Date, request that each Lender extend the Revolving Loan Maturity Date for an additional one (1) year from the then existing Revolving Loan Maturity Date; provided, that the Borrowers shall only be permitted to exercise this extension option two (2) times during the term of this Agreement; provided, further, that, in no case shall the Revolving Loan Maturity Date exceed five (5) years from any date.

(b) Lenders Election to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than fifteen (15) days following the receipt of notice of such request from the Administrative Agent (the “Notice Date”), advise the Administrative Agent in writing whether or not such Lender agrees to such extension (and each Lender that determines not to so extend its Revolving Loan Maturity Date (a “Non-Extending Lender”) shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Borrowers of each Lender’s determination under this Section 2.17 promptly and in any event no later than the date fifteen (15) days after the Notice Date (or, if such date is not a Business Day, on the next preceding Business Day).

(d) Additional Commitment Lenders. The Borrowers shall have the right on or before the applicable anniversary of the Effective Date to replace each Non-Extending Lender with, and add as “Lenders” under this Agreement in place thereof, one or more Eligible Assignees (each, an “Additional Commitment Lender”) as provided in Section 11.13, each of which Additional Commitment Lenders shall have entered into an Assignment and Assumption pursuant to which such Additional Commitment Lender shall, undertake a Revolving Commitment (and, if any such Additional Commitment Lender is already a Lender, its Revolving Commitment shall be in addition to such Lender’s Revolving Commitment hereunder on such date) and shall be a “Lender” for all purposes of this Agreement.

(e) Minimum Extension Requirement. If all of the Lenders agree to any such request for extension of the Revolving Loan Maturity Date then the Revolving Loan Maturity Date for all Lenders shall be extended for the additional one (1) year, as applicable. If there exists any Non-Extending Lenders that are not being replaced by Additional Commitment Lenders, then the Borrowers shall (i) withdraw their extension request and the Revolving Loan Maturity Date will remain unchanged or (ii) provided that the Required Lenders (but for the avoidance of doubt, not including any Additional Commitment Lenders) have agreed to the extension request (such Lenders agreeing to such extension, the “Approving Lenders”) no later than fifteen (15) days prior to such anniversary of the Effective Date, then the Borrowers may extend the Revolving Loan Maturity Date solely as to the Approving Lenders and the Additional Commitment Lenders with a reduced amount of Aggregate Revolving Commitments during such extension period equal to the aggregate Revolving Commitments of the Approving Lenders and the Additional Commitment Lenders; it being understood that (A) the Revolving Loan Maturity Date relating to any Non-Extending Lenders not replaced by an Additional Commitment Lender shall not be extended and the repayment of all obligations owed to them and the termination of their Revolving Commitments shall occur on the already existing Revolving Loan Maturity Date and (B) the Revolving Loan Maturity Date relating

to the Approving Lenders and the Additional Commitment Lenders shall be extended for an additional year, as applicable.

(f) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, any extension of the Revolving Loan Maturity Date pursuant to this Section 2.17 shall not be effective with respect to any Lender unless:

(i) on the date of such extension, the conditions for a Borrowing provided in Section 5.02(a) and (b) shall be satisfied;

(ii) the Administrative Agent shall have received a certificate of a Responsible Officer of each of the Borrowers certifying that as of the date of such extension, (A) there are no actions, suits, proceedings, or disputes pending or, to the knowledge of any of the Borrowers after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any of the Borrowers or any of their respective Principal Subsidiaries or against any of their properties or revenues that (1) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (2) could reasonably be expected to have a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents and (B) since December 31, 2016, there has been no event or circumstance, either individually or in the aggregate, that has had a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents; and

(iii) on the date of such extension, the Borrowers shall prepay any Loans outstanding on such date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep outstanding Loans ratable with any revised Applicable Percentages of the respective Lenders effective as of such date.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Borrower, then the Administrative Agent or such Borrower shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Borrower or the Administrative Agent shall be required by the Internal Revenue Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B)

the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Internal Revenue Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Borrower or the Administrative Agent shall be required by any applicable Laws other than the Internal Revenue Code to withhold or deduct any Taxes from any payment, then (A) such Borrower or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Borrower or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, the Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) Without limiting the provisions of subsection (a) or (b) above, but without duplication, each of the Borrowers shall, and does hereby, severally indemnify each Recipient, and shall make payment in respect thereof within ten days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Each of the Borrowers shall, and does hereby, severally indemnify the Administrative Agent, and shall make payment in respect thereof within ten days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii) below.

(ii) Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within ten days after demand therefor, (A) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that any Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (B) the Administrative Agent and the Borrowers, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section

11.06(d) relating to the maintenance of a Participant Register and (C) the Administrative Agent and the Borrowers, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or a Borrower in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. Upon request by any Borrower or the Administrative Agent, as the case may be, after any payment of Taxes by any Borrower or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, such Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the applicable Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the applicable Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to each Borrower and the Administrative Agent, at the time or times reasonably requested by such Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by such Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by any Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by such Borrower or the Administrative Agent as will enable such Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender; *provided*, that this sentence shall not apply to documentation described in Section 3.01(e)(ii)(C) if such documentation is in substance essentially equivalent to, and not materially more onerous to provide, than the documentation set forth in Section 3.01(e)(ii)(A), (ii)(B), or (ii)(D).

(ii) Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to such Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed copies of Internal Revenue Service Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), whichever of the following is applicable (together with any required schedules and attachments):

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, Internal Revenue Service Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of Internal Revenue Service Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit 3.01(e)-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a “10 percent shareholder” of such Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Internal Revenue Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.01(e)-2 or Exhibit 3.01(e)-3, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.01(e)-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit such Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to such Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by such Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by such Borrower or the Administrative Agent as may be necessary for such Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify each applicable Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 3.01, it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Borrower under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that such Borrower, upon the request of the Recipient, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to any Borrower pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any Recipient to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Borrower or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Aggregate Revolving Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality.

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to each applicable Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and each applicable Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) each such Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, each applicable Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates.

If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof, (a) the Administrative Agent determines that (i) Dollar deposits are not being offered to banks in the applicable offshore interbank market for such currency for the applicable amount and Interest Period of such Eurodollar Rate Loan, or (ii) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan, or (b) the Administrative Agent or the Required Lenders determine that for any reason the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such Eurodollar Rate Loan, the Administrative Agent will promptly so notify the Borrowers and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended, (to the extent of the affected Eurodollar Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent upon the instruction of the Required Lenders revokes such notice. Upon receipt of such notice, the Borrowers may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a) of this Section 3.03 have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a) of this Section 3.03 have not arisen but the supervisor for the administrator of the Eurodollar Base Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Eurodollar Base Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent shall promptly notify the Borrower and the Lenders in writing of such determination, and the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the Eurodollar Base Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) and such other related changes to this Agreement as may be applicable; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 11.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the date such amendment is provided to the Lenders, written notice from the Required Lenders stating that such Required Lenders object to such amendment.

3.04 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate);

(ii) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement or any Eurodollar Rate Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (in each case, except for Indemnified Taxes and Excluded Taxes); or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan the interest on which is determined by reference to the Eurodollar Rate (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, each Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Revolving Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved

but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time each applicable Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to each applicable Borrower shall be conclusive absent manifest error. Such Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that no Borrower shall be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender notifies such Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Payment Obligations. Payment obligations of the Borrowers under this Section 3.04 shall be subject to Section 11.19.

3.05 Compensation for Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for, and hold such Lender harmless from, any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by such Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by any Borrower pursuant to Section 11.13;

including any loss (other than any loss of anticipated profits) or expense arising from the liquidation or redeployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. Each Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by any Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether

or not such Eurodollar Rate Loan was in fact so funded. Payment obligations of the Borrowers under this Section 3.05 shall be subject to Section 11.19.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Borrower hereby agrees to pay its all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrowers may replace such Lender in accordance with Section 11.13.

3.07 Survival.

All of each Borrower's obligations under this Article III shall survive termination of the Aggregate Revolving Commitments, repayment of all other Obligations and resignation of the Administrative Agent.

3.08 Withholding Taxes.

For purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Borrowers and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) the Loans under this Agreement as not qualifying as "grandfathered obligations" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

ARTICLE IV

[RESERVED]

ARTICLE V

CONDITIONS PRECEDENT TO BORROWINGS

5.01 Conditions of Initial Borrowings.

This Agreement shall become effective upon, and the obligation of each Lender to make Loans to any Borrower hereunder is subject to, satisfaction of the following conditions precedent:

(a) Loan Documents. Receipt by the Administrative Agent of executed counterparts of this Agreement and a Note for each Lender that has requested a Note, each properly executed by a Responsible Officer of each Borrower and, in the case of this Agreement, by each Lender.

(b) Opinions of Counsel. Receipt by the Administrative Agent of favorable opinions of legal counsel to the Borrowers, addressed to the Administrative Agent and each Lender, dated as of the Effective Date, and in form and substance reasonably satisfactory to the Administrative Agent.

(c) Financial Statements. The Administrative Agent shall have received:

(i) the Audited Financial Statements; and

(ii) unaudited consolidated financial statements of each Borrower and its Subsidiaries for the fiscal quarter ended September 30, 2017, including balance sheets and statements of income or operations, shareholders' equity and cash flows (the "Interim Financial Statements").

(d) No Material Adverse Change. Since December 31, 2016, there has been no event or circumstance, either individually or in the aggregate, that has had a Material Adverse Effect with respect to any Borrower, other than as specifically disclosed in the Disclosure Documents.

(e) Litigation. There shall not exist any action, suit, investigation or proceeding pending or, to the knowledge of any Borrower, threatened in any court or before an arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect, other than as specifically disclosed in the Disclosure Documents.

(f) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of the following, each of which shall be originals or facsimiles (followed promptly by originals), in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) copies of the Organization Documents of each Borrower certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of such Borrower to be true and correct as of the Effective Date;

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Borrower as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Borrower is a party; and

(iii) such documents and certifications as the Administrative Agent may require to evidence that each Borrower is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation.

(g) Closing Certificate. Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of each Borrower certifying that (i) the conditions specified in Sections 5.01(d) and (e) and Sections 5.02(a) and (b) have been satisfied and (ii) each Borrower and its Subsidiaries (after giving effect to the transactions contemplated hereby and the incurrence of Indebtedness related thereto) are Solvent on a consolidated basis.

(h) OFAC, Patriot Act, Etc. Receipt by the Administrative Agent of all documentation and other information that any Lender has reasonably requested in order to comply with its ongoing

obligations under applicable “know your customer”, OFAC and anti-corruption laws, including the Patriot Act.

(i) Repayment of Existing Credit Agreement. Receipt by the Administrative Agent of evidence that (i) all obligations owed to lenders under the Existing Credit Agreement who are not Lenders hereunder, if any, shall have been paid in full and (ii) the obligations owed to lenders under the Existing Credit Agreement who are Lenders hereunder shall be paid to the extent necessary so that the Obligations of such Lenders to do not exceed their Revolving Commitments hereunder.

(j) Fees. Receipt by the Administrative Agent, the Joint Lead Arrangers and the Lenders of any fees required to be paid on or before the Effective Date.

(k) Attorney Costs. The Borrowers shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced prior to or on the Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent).

(l) Other. Receipt by the Administrative Agent and the Lenders of such other documents, instruments, agreements and information as reasonably requested by the Administrative Agent or any Lender, including, but not limited to, information regarding litigation, tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, material contracts, debt agreements, property ownership, environmental matters, contingent liabilities and management of each Borrower and its Subsidiaries.

Without limiting the generality of the provisions of the last paragraph of Section 10.03, for purposes of determining compliance with the conditions specified in this Section 5.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document made available to it for review prior to the Effective Date or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

5.02 Conditions to all Borrowings.

The obligation of each Lender to honor any Request for Borrowing from any Borrower is subject to the following conditions precedent:

(a) The representations and warranties of such Borrower contained in Article VI (other than Sections 6.05(c) and 6.06) or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Borrowing (other than any representation and warranty that is expressly qualified by materiality, in which case such representation and warranty shall be true and correct in all respects), except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (other than any representation and warranty that is expressly qualified by materiality, in which case such representation and warranty shall be true and correct in all respects) as of such earlier date, and except that for purposes of this Section 5.02, the representations and warranties contained in clauses

(a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01.

(b) No Default shall exist, or would result from such proposed Borrowing or from the application of the proceeds thereof, with respect to such Borrower.

(c) The Administrative Agent and, if applicable, the Swing Line Lender shall have received a Request for Borrowing from such Borrower in accordance with the requirements hereof.

Each Request for Borrowing submitted by any Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.02(a) and (b) have been satisfied on and as of the date of the applicable Borrowing.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to the Administrative Agent and the Lenders that:

6.01 Existence, Qualification and Power.

Each Borrower and each Principal Subsidiary thereof (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, and (d) is in compliance with all Laws; except in each case referred to in clause (b)(i), (c) or (d), to the extent that failure to do so would not have a Material Adverse Effect.

6.02 Authorization; No Contravention.

The execution, delivery and performance by each Borrower of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Principal Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law. Each Borrower and its Principal Subsidiaries is in compliance with all Contractual Obligations referred to in clause (b)(i), except to the extent that failure to do so would not have a Material Adverse Effect.

6.03 Governmental Authorization; Other Consents.

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority (including FERC and DPU) is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Borrower of this Agreement or any other Loan Document, other than those approvals, consents or filings already obtained or made and in full force and effect.

6.04 Binding Effect.

This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of each Borrower, enforceable against each Borrower that is party thereto in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights and general principles of equity.

6.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements of each Borrower and its Subsidiaries (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present in all material respects the financial condition of such Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show to the extent required by GAAP all material indebtedness and other liabilities, direct or contingent, of such Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The unaudited consolidated balance sheet of each Borrower and its Subsidiaries dated September 30, 2017, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects the financial condition of such Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Since December 31, 2016, there has been no event or circumstance, either individually or in the aggregate, that has had a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents.

6.06 Litigation.

There are no actions, suits, proceedings, or disputes pending or, to the knowledge of any Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any of the Borrowers or any of their respective Principal Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) could reasonably be expected to have a Material Adverse Effect, except as specifically disclosed in the Disclosure Documents.

6.07 No Default.

None of the Borrowers and their respective Principal Subsidiaries is in default under or with respect to any indebtedness for borrowed money in excess of the Threshold Amount. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

6.08 Ownership of Property; Liens.

Each of the Borrowers and their respective Principal Subsidiaries have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as would not, individually or in the aggregate have a Material Adverse Effect. As of the date of this Agreement, each of the Borrowers and their respective Principal Subsidiaries enjoy peaceful and undisturbed possession under all leases of real property on which facilities operated by it are situated, and all such leases are valid and subsisting and in full force and effect. The property of each of the Borrowers and their respective Principal Subsidiaries is subject to no Liens, other than Liens permitted by Section 8.01.

6.09 Environmental Compliance.

Each of the Borrowers and their Principal Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof each Borrower has reasonably concluded that such Environmental Laws and claims would not, individually or in the aggregate have a Material Adverse Effect.

6.10 Insurance.

The properties of each of the Borrowers and their respective Principal Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of any Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the applicable Borrower or the applicable Principal Subsidiary operates. All of such policies (a) are in full force and effect, (b) are sufficient for compliance by each of the Borrowers and their respective Principal Subsidiaries with all written agreements or instruments to which such Borrower or any such Principal Subsidiary is a party and all applicable requirements of law, (c) provide that they will remain in full force and effect through the respective dates set forth in such policies and (d) will not in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement. None of the Borrowers and their respective Principal Subsidiaries are in default with respect to its obligations under any of such insurance policies and have not received any notification of cancellation of any such insurance policies.

6.11 Taxes.

The Borrowers and their respective Principal Subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP and those where the failure to file or pay would not have a Material Adverse Effect. There is no unpaid tax claimed by any governmental Authority to be due against any of the Borrowers or any of their respective Principal Subsidiaries that would, if made, have a Material Adverse Effect. As of the Effective Date, none of the Borrowers and their respective Principal Subsidiaries is party to any tax sharing agreements other than as set forth on Schedule 6.11.

6.12 ERISA Compliance.

(a) Except as would not reasonably be likely to result in a Material Adverse Effect, each Pension Plan sponsored or maintained by a Borrower is in substantial compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Laws. Each Pension Plan that is intended to qualify under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service or an application for such a letter is currently being processed by the Internal Revenue Service with respect thereto and, to the best knowledge of each Borrower, nothing has occurred which has not been or cannot be corrected that would prevent, or cause the loss of, such qualification. Each Borrower, and to the best knowledge of each Borrower, each ERISA Affiliate have made all required contributions to each Pension Plan or, any delinquent contributions, have been corrected pursuant to a government sponsored correction program, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Internal Revenue Code has been made with respect to any Pension Plan.

(b) There are no pending or, to the best knowledge of each Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Pension Plan that would reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Pension Plan that has resulted in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) each Borrower, and to the best knowledge of each Borrower, each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) neither any Borrower, nor to the knowledge of each Borrower, any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (iv) no Borrower, or to the best knowledge of each Borrower, any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

(d) No Borrower is or will be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Revolving Commitments.

6.13 Subsidiaries.

As of the Effective Date, none of the Borrowers has any Principal Subsidiaries other than those specifically disclosed in Part (a) of Schedule 6.13, and all of the outstanding Equity Interests entitled to vote for the election of directors or other governing Persons in such Principal Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by such Borrower in the amounts specified on Part (a) of Schedule 6.13 free and clear of all Liens. All of the outstanding Equity Interests entitled to vote in each Borrower have been validly issued and are fully paid and nonassessable, and the Equity Interests of each Borrower (other than Eversource) are owned by Eversource to the extent specified, as of the Effective Date, on Part (b) of Schedule 6.13 free and clear of all Liens.

6.14 Use of Proceeds; Margin Regulations; Investment Company Act.

(a) The proceeds of the Loans will be used for working capital, capital expenditures and other general corporate purposes (including the repayment of Indebtedness). The proceeds of the Loans will not be used in any way which would violate the provisions of Regulation U or X of the Board of Governors of the Federal Reserve System. No Borrower is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) None of the Borrowers and their respective Subsidiaries is a “registered investment company” or an “affiliated company” or a “principal underwriter” of a “registered investment company”, as such terms are defined in the Investment Company Act of 1940, as amended.

6.15 Disclosure.

Each Borrower has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Principal Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Borrower to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6.16 Compliance with Laws.

Each of the Borrowers and their respective Principal Subsidiaries are in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, would not have a Material Adverse Effect.

6.17 Solvency.

Each Borrower, together with its Subsidiaries on a consolidated basis, are and, upon the incurrence of any Borrowing on any date on which this representation and warranty is made, will be, Solvent.

6.18 Taxpayer Numbers and Other Information.

Each Borrower’s (a) true and correct U.S. taxpayer identification number, (b) full legal name, (c) state of incorporation, formation or organization and (d) the address of its principal place of business are set forth on Schedule 6.18.

6.19 Sanctions Concerns; Anti-Corruption Laws.

(a) Sanctions Concerns. No Borrower, nor any Subsidiary of any Borrower, nor, to the knowledge of the Borrowers and their Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC’s List of Specially Designated Nationals, HMT’s Consolidated List of Financial Sanctions Targets and the

Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction so as to result in a violation of Sanctions.

(b) Anti-Corruption Laws. Each of the Borrowers and their respective Subsidiaries and, to the knowledge of the Borrowers and their respective Subsidiaries, all directors, officers, employees, agents, affiliates and representatives thereof, have conducted their business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

6.20 EEA Financial Institutions.

No Borrower is an EEA Financial Institution.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Lender shall have any commitment hereunder, any Loan or other obligation hereunder shall remain unpaid or unsatisfied, each of the Borrowers hereby agrees that it shall, and shall (except in the case of the covenants set forth in Sections 7.01, 7.02, and 7.03) cause each of its Principal Subsidiaries to:

7.01 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) with respect to each Borrower, as soon as available, but in any event within one hundred five (105) days after the end of each fiscal year of such Borrower, a consolidated balance sheet of such Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit and to the effect that such financial statements have been prepared in accordance with GAAP applied on a basis consistent with prior years (except as to changes with which such accountants concur and which shall be disclosed in the notes thereto or in a letter) and fairly present in all material respects the financial condition of such Borrower and its Subsidiaries at the dates thereof and the results of its consolidated operations for the periods covered thereby; and

(b) with respect to each Borrower, as soon as available, but in any event within fifty (50) days after the end of each of the first three (3) fiscal quarters of each fiscal year of such Borrower, a consolidated balance sheet of such Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of such Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, certified

by a Responsible Officer of such Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of such Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 7.02(d), no Borrower shall be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of each Borrower to furnish the information and materials described in clauses (a) and (b) above at the times specified therein. For purposes of clarity, in the event that any Borrower merges into another entity and is not the surviving Person, dissolves or otherwise ceases to have a legal existence, then the financial delivery requirements in this Section 7.01 shall no longer apply to such Borrower.

7.02 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b), a certificate substantially in the form of Exhibit 7.02(a) signed by a Responsible Officer of each of the Borrowers (the "Compliance Certificate") (i) stating that no Default or Event of Default has occurred and is continuing on the date of such certificate, and if a Default or an Event of Default has then occurred and is continuing, specifying the details thereof and the action that such Borrower has taken or proposes to take with respect thereto, (ii) setting forth in reasonable detail computations evidencing compliance with Section 8.06 hereof as determined on the last day of the fiscal quarter immediately preceding the fiscal quarter during which such certifications are to be delivered pursuant to this clause (a) and (iii) stating whether any change in GAAP or the application thereof has occurred since the date of the audited financial statements referred to in Section 7.01 and, if any change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(b) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) of Section 7.01, a copy of the certification (if any) signed by the principal executive officer and the principal financial officer of each Borrower (each a "Certifying Officer") as required by Rule 13A-14 under the Securities Exchange Act of 1934 and a copy of the internal controls disclosure statement by such Certifying Officer as required by Rule 13A-15 under the Securities Exchange Act of 1934, each as included in such Borrower's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, for the applicable fiscal period;

(c) contemporaneously with the filing or mailing thereof, copies of all financial statements sent by each Borrower to shareholders and all reports, notices, proxy statements or other communications sent by such Borrower to its shareholders, and all reports under Sections 12, 13 and 14 and under any rules promulgated with respect to such sections (including all reports on Forms 8-K, 10-K and 10-Q, along with all amendments and supplements thereto) of the Securities and Exchange Act of 1934, as amended, all Schedules 13D and 13G and all amendments thereto, and registration statements filed by such Borrower with any securities exchange or with the SEC or any successor;

(d) promptly, and in any event within five (5) Business Days after receipt thereof by any Borrower or any Subsidiary thereof, copies of each formal notice received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible

investigation or other inquiry by such agency regarding financial or other operational results of such Borrower or such Subsidiary thereof that could reasonably be expected to result in a Material Adverse Effect; and

(e) promptly, such additional information regarding the business, financial or corporate affairs of any Borrower or any Principal Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request.

Documents required to be delivered pursuant to Section 7.01(a) or (b) or Section 7.02(d) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Eversource or the applicable Borrower posts such documents, or provides a link thereto on Eversource's or such Borrower's website on the Internet at the website address listed on Schedule 11.02; or (ii) on which such documents are posted on Eversource's or such Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) each Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests such Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) each Borrower shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by any Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Each Borrower hereby acknowledges that (a) the Administrative Agent and/or the Joint Lead Arrangers will make available to the Lenders materials and/or information provided by or on behalf of such Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on SyndTrak or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to such Borrower or its securities) (each, a "Public Lender"). Each Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," such Borrower shall be deemed to have authorized the Administrative Agent, the Joint Lead Arrangers, and the Lenders to treat such Borrower Materials as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to such Borrower or its securities for purposes of United States Federal and state securities laws; (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent and the Joint Lead Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

7.03 Notices.

Promptly notify the Administrative Agent and each Lender of:

- (a) the occurrence of any Default;

(b) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including as a result of: (i) breach or non-performance of, or any default under, a Contractual Obligation of any Borrower or any Principal Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between any Borrower or any Principal Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting any Borrower or any Principal Subsidiary, including pursuant to any applicable Environmental Laws;

(c) the occurrence of any ERISA Event;

(d) any announcement by Moody's or S&P of any change in a Reference Rating; and

(e) the consummation of the merger described in Section 8.02(a)(iv) (and deliver a copy of the articles of merger (or similar documentation) related thereto in connection with such notice).

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the applicable Borrower setting forth details of the occurrence referred to therein and stating what action such Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

7.04 Payment of Taxes.

Pay and discharge as the same shall become due and payable, all its tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such Borrower or such Subsidiary and all lawful claims which, if unpaid, would by Law become a Lien upon its property, except in each case where the failure to pay such amounts would not have a Material Adverse Effect.

7.05 Preservation of Existence, Etc.

(a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.02; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which would not have a Material Adverse Effect.

7.06 Maintenance of Properties.

(a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so would not have a Material Adverse Effect; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities; provided, however, that in each of the foregoing cases described in clauses (a), (b), and (c), none of the Borrowers and Principal Subsidiaries will be prevented from discontinuing the operation and maintenance of any such properties if such discontinuance is, in the reasonable judgment of such Borrower or Principal Subsidiary, as applicable, desirable in the operation or maintenance of its business and would not result, or be reasonably likely to result, in a Material Adverse Effect.

7.07 Maintenance of Insurance.

Maintain with financially sound and reputable insurance companies not Affiliates of any Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

7.08 Compliance with Laws.

Comply (a) with the Patriot Act, OFAC rules and regulations and all Sanctions and laws related thereto, (b) in all material respects, with the requirements of all other Laws (including Environmental Laws and anti-money laundering laws) applicable to it or to its business or property, except in such instances in which such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted, (c) all material provisions of its charter documents, by-laws, operating agreement, certificate and other constituent documents, as applicable, and (d) all material applicable decrees, orders, and judgments, except where the failure to comply with clauses (b) through (c) above would not have a Material Adverse Effect.

7.09 Books and Records.

Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Borrower or such Principal Subsidiary, as the case may be, in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over such Borrower or such Subsidiary, as the case may be.

7.10 Inspection Rights.

Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the applicable Borrower.

7.11 Use of Proceeds.

Use the proceeds of the Borrowings for working capital, capital expenditures and other general corporate purposes (including the repayment of Indebtedness) not in contravention of any Law or of any Loan Document. The proceeds of the Loans will not be used in any way which would violate the provisions of Regulation U or X of the Board of Governors of the Federal Reserve System.

7.12 Further Assurances.

(a) Promptly execute and deliver, or cause to be promptly executed and delivered, all further instruments and documents, and take and cause to be taken all further actions, that may be necessary or that the Required Lenders through the Administrative Agent may reasonably request to enable the Lenders and the Administrative Agent to carry out to their reasonable satisfaction the transactions contemplated by this Agreement and enforce the terms and provisions of this Agreement and to exercise their rights and remedies hereunder or under the Notes, and

(b) Use all commercially reasonable efforts to duly obtain governmental approvals required in connection with this Agreement from time to time on or prior to such date as the same may become legally required, and thereafter to maintain all such governmental approvals in full force and effect.

7.13 Conduct of Business.

Except as permitted by Section 8.02, conduct its primary business in substantially the same manner and in substantially the same fields as such business is conducted on the date hereof.

7.14 Governmental Approvals.

Duly obtain on or prior to such date as the same may become legally required, and thereafter maintain in effect at all times, all Governmental Approvals on its part to be obtained, except in the case of those Governmental Approvals referred to in clause (ii) of the definition of “Governmental Approval”, (i) those the absence of which could not reasonably be expected to result in a Material Adverse Effect, and (ii) those that such Borrower or such Principal Subsidiary is diligently attempting in good faith to obtain, renew or extend, or the requirement for which such Borrower or such Principal Subsidiary is contesting in good faith by appropriate proceedings or by other appropriate means; provided, however, that the exception afforded by clause (ii), above, shall be available only if and for so long as such attempt or contest, and any delay resulting therefrom, could not reasonably be expected to result in a Material Adverse Effect.

7.15 Anti-Corruption Laws.

Conduct its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions and maintain policies and procedures designed to promote and achieve compliance with such laws.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Lender shall have any Revolving Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, each of the Borrowers hereby agrees that it shall not, nor shall it permit any of its Principal Subsidiaries to (except in the case of the covenant set forth in Section 8.06, which shall apply only to Borrowers), directly or indirectly:

8.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

- (a) Liens granted, incurred or existing in the ordinary course of business not in connection with the borrowing of money or the obtaining of credit and not otherwise described below,
- (b) Liens arising in connection with the sale of accounts receivable,
- (c) Liens existing on acquired property at the time of acquisition thereof by such Borrower or Subsidiary which liens do not extend to any property other than such acquired properties,

(d) any purchase money Lien or construction mortgage on assets hereafter acquired or constructed by a Borrower or any Subsidiary, and any Lien on any assets existing at the time of acquisition thereof by a Borrower or a Subsidiary or created within one hundred eighty (180) days from the date of completion of such acquisition or construction; provided that such Lien or construction mortgage shall at all times be confined solely to the assets so acquired or constructed and any additions thereto;

(e) Liens existing on the date hereof and disclosed on Schedule 8.01;

(f) Liens created by the First Mortgage Indentures, so long as by the terms thereof no “event of default” (howsoever designated) in respect of any bonds issued thereunder will arise upon the occurrence of a Default or Event of Default hereunder;

(g) with respect to any Subsidiary, “Permitted Liens” or “Permitted Encumbrances” under the First Mortgage Indenture to which such Subsidiary is a party, in each case to the extent such Liens do not secure Indebtedness of such Subsidiary;

(h) Liens resulting from legal proceedings being contested in good faith by appropriate legal or administrative proceedings by any Borrower or any Subsidiary, and as to which such Borrower or such Subsidiary, to the extent required by GAAP, shall have set aside on its books adequate reserves;

(i) Liens created in favor of the other contracting party in connection with advance or progress payments;

(j) any Liens in favor of any Governmental Authority, or trustee acting on behalf of holders of obligations issued by any Governmental Authority or any financial institutions lending to or purchasing obligations of any Governmental Authority, which Lien is created or assumed for the purpose of financing all or part of the cost of acquiring or constructing the property subject thereto;

(k) Liens resulting from conditional sale agreements, capital leases or other title retention agreements;

(l) with respect to sewage facility and pollution control bond financings, Liens on funds, accounts and other similar intangibles of any Borrower or any Subsidiary created or arising under the relevant indenture, pledges of the related loan agreement with the relevant issuing authority and pledges of any Borrower’s or any Subsidiary’s interest, if any, in any bonds issued pursuant to such financings to a letter of credit bank or bond issuer or similar credit enhancer;

(m) Liens granted on accounts receivable and Regulatory Assets in connection with financing transactions, whether denominated as sales or borrowings;

(n) Liens on the assets of, the stock issued by or other equity of, any Subsidiary of any Borrower created to hold generating or transmission assets if such Liens are created to secure Indebtedness that is nonrecourse to such Borrower and is incurred to acquire, construct or otherwise develop such generating or transmission assets;

(o) Liens created to secure Indebtedness of a transmission company Subsidiary of any Borrower with respect to assets transferred to such transmission company by another Subsidiary of such Borrower;

(p) any extension, renewal or replacement of Liens permitted by clauses (c), (d), (e), (f), (g), and (k) through (n); *provided, however*, that the principal amount of Indebtedness secured thereby shall not, at the time of such extension, renewal or replacement, exceed the principal amount of Indebtedness so secured and that such extension, renewal or replacement shall be limited to all or a part of the property that secured the Lien so extended, renewed or replaced or to other property of no greater value than the property that secured the Lien so extended, renewed or replaced;

(q) Liens on the assets of any Borrower and its Principal Subsidiaries granted by such Borrower and its Principal Subsidiaries to secure long term Indebtedness of such Borrower (exclusive of those granted under clauses (c), (d), (e), (f), (g) and (k) through (o) above) provided that at the time of granting such Liens (and after giving effect thereto), the aggregate amount of all such long term Indebtedness of all of the Borrowers and their respective Principal Subsidiaries taken together shall not exceed \$700,000,000; and

(r) Stranded Cost Recovery Obligations securitization transactions.

8.02 Fundamental Changes.

Merge, amalgamate, dissolve, liquidate, wind-up or consolidate (or suffer any liquidation or dissolution) with or into another Person, or dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (including Equity Interests in Subsidiaries) (whether now owned or hereafter acquired) to or in favor of any Person unless:

(a) a Subsidiary of Eversource merges, amalgamates or consolidates with Eversource or any Subsidiary of Eversource; provided (i) if Eversource is party to such transaction, Eversource shall be the surviving entity, (ii) with respect to any such transaction to which a Borrower other than Eversource is party, such Borrower shall be the surviving entity in such transaction or, if a Subsidiary is the surviving entity in such transaction, such Subsidiary shall be a Domestic Subsidiary and shall expressly assume, by an amendment to this Agreement in form satisfactory to the Administrative Agent, the obligations under, and due and punctual performance of, this Agreement, (iii) that in the event that a Subsidiary is the surviving entity in such transaction, such Subsidiary shall be deemed to be, and shall be, a “Principal Subsidiary” hereunder, and (iv) notwithstanding anything in the foregoing, the merger, amalgamation or consolidation of WMECO with NSTAR Electric, with NSTAR Electric being the surviving entity, shall be permitted,

(b) a Subsidiary of Eversource liquidates or dissolves into, or makes an asset disposition to, Eversource or any Subsidiary of Eversource; provided (i) if Eversource is party to such transaction, Eversource shall be the entity into which assets are transferred, (ii) with respect to any such transaction to which a Borrower other than Eversource is party, such Borrower shall be the entity into which assets are transferred in such transaction or, if a Subsidiary is the surviving entity into which assets are transferred in such transaction, such Subsidiary shall be a Domestic Subsidiary and shall expressly assume, by an amendment to this Agreement in form satisfactory to the Administrative Agent, the obligations under, and due and punctual performance of, this Agreement) is the entity to which assets are transferred in such transaction and (iii) that in the event that a Subsidiary is the entity to which assets are transferred, in such transaction, such Subsidiary shall be deemed to be, and shall be, a “Principal Subsidiary” hereunder for the term of this Agreement,

(c) all corporate and regulatory approvals therefor have been received,

(d) no Default or Event of Default would exist hereunder after giving effect to such transaction, and

(e) the senior unsecured debt ratings of S&P and Moody's applicable to (i) Eversource and (ii) to the extent applicable, such Principal Subsidiary that is the surviving entity in a transaction permitted under clause (a) above, (iii) to the extent applicable, the entity to which assets are transferred, in such a transaction permitted under clause (b) and (iv) to the extent applicable, the Principal Subsidiary disposing of assets to a Person other than Eversource or any of its Subsidiaries in a transaction permitted under clause (b) above, in each case after giving effect to such transaction, shall be at least BBB- and Baa3.

Notwithstanding the foregoing, any disposition of assets permitted by the foregoing provisions of this Section 8.02 to a Person other than Eversource and its Subsidiaries may be consummated by way of merger, amalgamation or consolidation.

8.03 Change in Nature of Business.

Engage in any material line of business substantially different from (a) those lines of business conducted by such Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental or (b) the operation of water utilities and any business substantially related or incidental thereto.

8.04 Transactions with Affiliates and Insiders.

Enter into any transaction of any kind with any officer, director or Affiliate of any Borrower, whether or not in the ordinary course of business, other than (a) except as otherwise specifically limited in this Agreement, transactions which are on terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an officer, director or Affiliate, (b) any transaction for which such Borrower or Subsidiary has obtained the approval of the DPU, (c) immaterial incidental transactions among Borrower and its Affiliates which are substantially on arm's length basis, such as cash management, facility sharing, tax sharing, management services or other overhead sharing matters, (d) intercompany transactions, including loans and advances and the provision of services, not prohibited under this Agreement or required under the Federal Power Act and the rules of the FERC or state utility commissions, in each case to the extent applicable thereto, (e) normal and reasonable compensation and reimbursement expenses of officers and directors in the ordinary course of business and (f) Stranded Cost Recovery Obligations securitization transactions.

8.05 Use of Proceeds.

Use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

8.06 Consolidated Indebtedness to Capitalization Ratio.

With respect to each Borrower, permit the Consolidated Indebtedness to Capitalization Ratio of such Borrower as of the end of any fiscal quarter of such Borrower to be greater than 0.65:1.00.

8.07 Compliance with ERISA.

Terminate, or permit any of its ERISA Affiliates to terminate, any Pension Plan so as to result in any direct liability of such Borrower or any Principal Subsidiary to the PBGC in an amount greater than the Threshold Amount, or (b) permit to exist any occurrence of any Reportable Event which, alone or together with any other Reportable Event with respect to the same or another Pension Plan, has a reasonable possibility of resulting in direct liability of such Borrower or any Subsidiary to the PBGC in an aggregate amount exceeding the Threshold Amount, or any other event or condition that presents a material risk of such a termination by the PBGC of any Pension Plan or has a reasonable possibility of resulting in a liability of such Borrower or any Subsidiary to the PBGC or a Multiemployer Plan in an aggregate amount exceeding the Threshold Amount.

8.08 Interests in Nuclear Plants.

Acquire any nuclear plant or any interest therein not held on the date hereof, other than so called “power entitlements” acquired for use in the ordinary course of business.

8.09 Financing Agreements.

With respect to each Borrower only, permit any Principal Subsidiary to enter into any agreement, contract, indenture or similar obligation, or issue any security (all of the foregoing being referred to as “Financing Agreements”), that is not in effect on the date hereof, or amend or modify any existing Financing Agreement, if the effect of such Financing Agreement (or amendment or modification thereof) is to impose any additional restriction not in effect on the date hereof on the ability of such Principal Subsidiary to pay dividends to the applicable Borrower; provided, that the foregoing shall not restrict the right of any Principal Subsidiary of any Borrower created to hold generating or transmission assets, to enter into any such Financing Agreement in connection with the incurrence of Indebtedness that is nonrecourse to such Borrower and is incurred to acquire, construct or otherwise develop generating or transmission assets.

8.10 Sanctions.

Directly or indirectly, use any Borrowing or the proceeds of any Borrowing, or lend, contribute or otherwise make available such Borrowing or the proceeds of any Borrowing to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Arranger, Administrative Agent, Swing Line Lender, or otherwise) of Sanctions.

8.11 Anti-Corruption Laws.

Directly or indirectly, use any Borrowing or the proceeds of any Borrowing for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default.

Any of the following shall constitute an Event of Default with respect to any particular Borrower:

(a) Non-Payment. Such Borrower fails to pay (i) when and as required to be paid herein any amount of principal of any Loan, or (ii) within five (5) days after the same becomes due, any interest on any Loan, or any fee due hereunder, or (iii) within five (5) days after the same becomes due, any other amount payable hereunder or under any other Loan Document, whether at the stated maturity or any accelerated date of maturity or at any other date fixed for payment; or

(b) Specific Covenants. Such Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 7.01, 7.02(a), 7.03(a), 7.05, 7.10, or 7.11 or Article VIII; or

(c) Other Defaults. Such Borrower fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after written notice from the Administrative Agent; or

(d) Representations and Warranties. Any representation or warranty, made or deemed made by or on behalf of such Borrower or any Principal Subsidiary herein, in any other Loan Document, or in any document required to be delivered in connection herewith or therewith shall be incorrect or misleading in any material respect (or, with respect to any representation and warranty that is expressly qualified by materiality, in any respect) when made or deemed made; or

(e) Cross-Default. (i) Such Borrower or any Principal Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise and after giving effect to applicable grace periods) in respect of any Indebtedness (other than (x) Indebtedness of such Borrower under this Agreement, but including, with respect to Eversource, Indebtedness of its Principal Subsidiaries hereunder and (y) Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Indebtedness to be demanded (or commitments to lend with respect to such Indebtedness to be terminated) or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from any event of default under such Swap Contract as to which such Borrower or any Principal Subsidiary is the Defaulting Party (as defined in such Swap Contract) the Swap Termination Value owed by such Borrower or such Principal Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Such Borrower or any of its Principal Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator,

rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for ninety (90) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for ninety (90) calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Such Borrower or any Principal Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of such Borrower and its Principal Subsidiaries and is not released, vacated or fully bonded within ninety (90) days after its issue or levy; or

(h) Judgments. There is entered against such Borrower or any Principal Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order and not stayed within thirty (30) days, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in direct liability of such Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) such Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the obligations under this Agreement, ceases to be in full force and effect; or such Borrower or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or such Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document; or

(k) Change of Control. There occurs any Change of Control with respect to such Borrower.

9.02 Remedies Upon Event of Default.

If any Event of Default with respect to any Borrower occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions with respect to such Borrower:

(a) declare the commitment of each Lender to make Loans to such Borrower to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable by such Borrower hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by such Borrower;

(c) exercise on behalf of itself and the Lenders all rights and remedies against such Borrower and its property available to it and the Lenders under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to such Borrower or any of its Principal Subsidiaries under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans to such Borrower shall automatically terminate, the unpaid principal amount of all outstanding Loans of such Borrower and all interest and other amounts as aforesaid of such Borrower shall automatically become due and payable without further act of the Administrative Agent or any Lender.

9.03 Application of Funds.

After the exercise of remedies provided for in Section 9.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 9.02), any amounts received on account of the Obligations of any Borrower shall be applied by the Administrative Agent to the then outstanding Obligations of such Borrower in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders) arising under the Loan Documents and amounts payable under Article III, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Third held by them;

Fourth, to payment of that portion of the Obligations constituting accrued and unpaid principal of the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to such Borrower or as otherwise required by Law.

ARTICLE X

ADMINISTRATIVE AGENT

10.01 Appointment and Authority.

Each of the Lenders hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, and no Borrower shall have rights as a third party beneficiary of any of such provisions.

10.02 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

10.03 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 9.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by a Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder

or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article V or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.04 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.05 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

10.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with the consent of the Borrowers so long as no Event of Default has occurred and continues, which consent shall not be unreasonably withheld or delayed, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law by notice in writing to the Borrowers and such Person remove such Person as the Administrative

Agent and, with the consent of the Borrowers so long as no Event of Default has occurred and continues, which consent shall not be unreasonably withheld or delayed, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring or removed Administrative Agent’s resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by or removal of Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation or removal as Swing Line Lender. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Swing Line Lender, and (b) the retiring Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents.

10.07 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.08 No Other Duties; Etc.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers, syndication agents, documentation agents or co-agents shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

10.09 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.09 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

10.10 Lender ERISA Representations.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Joint Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Revolving Commitments;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption

for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Revolving Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Joint Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower, that:

(i) none of the Administrative Agent or any Joint Lead Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto);

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least \$50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E);

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations);

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Revolving Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Revolving Commitments and this Agreement and is

responsible for exercising independent judgment in evaluating the transactions hereunder; and

(v) no fee or other compensation is being paid directly to the Administrative Agent or any Joint Lead Arranger or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Revolving Commitments or this Agreement.

(c) The Administrative Agent and each Joint Lead Arranger hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Revolving Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans or the Revolving Commitments for an amount less than the amount being paid for an interest in the Loans or the Revolving Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

ARTICLE XI

MISCELLANEOUS

11.01 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Borrower or therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, further, that

(a) no such amendment, waiver or consent shall:

(i) extend (except as provided for in Section 2.17) or increase the Revolving Commitment of a Lender (or reinstate any Revolving Commitment terminated pursuant to Section 9.02) without the written consent of such Lender whose Revolving Commitment is being extended or increased (it being understood and agreed that a waiver of any condition precedent set forth in Section 5.02 or of any Default or a mandatory reduction in Revolving Commitments is not considered an extension or increase in Revolving Commitments of any Lender);

(ii) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Revolving Commitments hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment or whose Revolving Commitments are to be reduced;

(iii) reduce the principal of, or the rate of interest specified herein on, any Loan, or (subject to clause (i) of the final proviso to this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment of principal, interest, fees or other amounts; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of “Default Rate” or to waive any obligation of the Borrowers to pay interest at the Default Rate;

(iv) change any provision of this Section 11.01(a) or the definition of “Required Lenders” without the written consent of each Lender;

(v) change Section 2.13 or Section 9.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly affected thereby;

(b) unless also signed by the Swing Line Lender, no amendment, waiver or consent shall affect the rights or duties of the Swing Line Lender under this Agreement; and

(c) unless also signed by the Administrative Agent, no amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document;

provided, however, that notwithstanding anything to the contrary herein, (i) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, (ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Revolving Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender, (iii) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code of the United States supersedes the unanimous consent provisions set forth herein, (iv) the Required Lenders shall determine whether or not to allow a Borrower to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders, (v) subject to Section 2.17, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, the Borrowers and the relevant Lenders providing such additional credit facilities (x) to add one or more additional credit facilities to this Agreement, to permit the extensions of credit from time to time outstanding hereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents and the Loans and the accrued interest and fees in respect thereof and to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and (y) to change, modify or alter Section 2.13 or Section 9.03 or any other provision hereof relating to the pro rata sharing of payments among the Lenders solely to the extent necessary to effectuate any of the amendments (or amendments and restatements) enumerated in this clause (v) and for no other purpose, and (vi) if following the Effective Date, the Administrative Agent and the Borrowers shall have jointly identified an inconsistency, obvious error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrowers shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any

Loan Documents if the same is not objected to in writing by the Required Lenders within five (5) Business Days following receipt of notice thereof.

11.02 Notices and Other Communications; Facsimile Copies.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Borrower, the Administrative Agent or the Swing Line Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 11.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to a Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to any Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower’s or the Administrative Agent’s transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service or through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to any Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each Borrower, the Administrative Agent and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrowers, the Administrative Agent and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to any Borrower or its securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Revolving Loan Notices, Swing Line Loan Notices and Prepayment Notices) purportedly given by or on behalf of any Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrowers shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies; Enforcement.

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Borrowers or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 9.02 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as Swing Line Lender) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Borrower under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 9.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

11.04 Expenses; Indemnity; and Damage Waiver.

(a) Costs and Expenses. Each of the Borrowers shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Joint Lead Arrangers and their respective Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender (including the reasonable fees, charges and disbursements of one counsel and, to the extent reasonably necessary, special and one local counsel in each jurisdiction for the Administrative Agent and for all of the Lenders as a group (and in the event of any actual or potential conflict of interest, one additional counsel for the Administrative Agent and/or each Lender subject to such conflict)) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Borrowers. Each of the Borrowers shall indemnify the Administrative Agent (and any sub-agent thereof), each Joint Lead Arranger, each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”)

against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities, penalties and reasonable related expenses (including the reasonable fees, charges and disbursements of one counsel and, to the extent reasonably necessary, special and one local counsel in each jurisdiction for the Indemnitees (and in the event of any actual or potential conflict of interest, one additional counsel for the Administrative Agent and/or each Lender subject to such conflict)) incurred by any Indemnatee or asserted against any Indemnatee by any third party or by any Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to a Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower, and regardless of whether any Indemnatee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnatee; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee.

(c) Reimbursement by Lenders. To the extent that any of the Borrowers for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by them to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnatee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor. Payment obligations of the Borrowers under this Section 11.04 shall be subject to Section 11.19.

(f) Survival. The agreements in this Section shall survive (i) the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Revolving Commitments and the repayment, satisfaction or discharge of all the other Obligations and (ii) the repayment of Obligations and the termination of rights and of any Borrower pursuant to Section 2.06.

11.05 Payments Set Aside.

To the extent that any payment by or on behalf of any Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder or thereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Revolving Commitment and the Loans (including for purposes of this subsection (b), participations in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Revolving Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Revolving Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Revolving Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 in the case of an assignment of Revolving Loans unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, each Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of each Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Revolving Commitment if such assignment is to a Person that is not a Lender with a Revolving Commitment in respect of the Revolving Commitment subject to such assignment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Commitment.

(iii) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(iv) No Assignment to Certain Persons. No such assignment shall be made (A) to any Borrower or any of the Borrowers' Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B) or (C) to a natural person.

(v) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of each Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the applicable Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolving Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative

Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by any Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or any Borrower or any of the Borrowers' Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Revolving Commitment and/or the Loans (including such Lender's participations in Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clauses (i) through (v) of Section 11.01(a) that affects such Participant. Subject to subsection (e) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register. No sale of a participation shall be effective unless and until it has been recorded in the Participant Register as provided in this paragraph (d).

(e) Limitation on Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with each Borrower's prior written consent. Furthermore, a Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Resignation as Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Revolving Commitment and Loans pursuant to subsection (b) above, Bank of America may, upon thirty (30) days' notice to the Borrowers, resign as Swing Line Lender. In the event of any such resignation as Swing Line Lender, the Borrowers shall be entitled to appoint from among the Lenders a successor Swing Line Lender hereunder; provided, however, that no failure by the Borrowers to appoint any such successor shall affect the resignation of Bank of America as Swing Line Lender, as the case may be. If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment of a successor Swing Line Lender, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Swing Line Lender, as the case may be.

Notice by the Administrative Agent to the Borrowers of any assignment made under this Section 11.06 shall be provided as may be agreed in writing from time to time between the Borrowers and the Administrative Agent.

11.07 Treatment of Certain Information; Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it or its Affiliates (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to a Borrower and its obligations, (g) with the consent of each Borrower, (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than any Borrower, (i) to rating agencies if requested or required by such agency in connection with a rating relating to the Loans hereunder and (j) on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement.

For purposes of this Section, “Information” means all information received from a Borrower or any Subsidiary relating to the Borrowers or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender on a nonconfidential basis prior to disclosure by such Borrower or any Subsidiary, provided that, in the case of information received from a Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning any Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States federal and state securities Laws.

11.08 Set-off.

If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness; provided, that, in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.15 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and its respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its respective Affiliates may have. Each Lender agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

11.09 Interest Rate Limitation.

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “Maximum Rate”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments

and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

11.10 Counterparts; Integration; Effectiveness.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 5.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

11.11 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

11.12 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

11.13 Replacement of Lenders.

If (i) any Lender requests compensation under Section 3.04, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, (iii) a Lender (a “Non-Consenting Lender”) does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders as provided in Section 11.01 but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable), (iv) any Lender is a Non-Extending Lender pursuant to Section 2.17(b) or (v) any Lender is a Defaulting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such

Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the rights and restrictions contained in, and consents required by, Section 11.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the applicable Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 11.06(b);

(b) such Lender shall have received payment of an amount equal to one hundred percent (100%) of the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of any such assignment resulting from a Non-Consenting Lender's or a Non-Extending Lender's failure to consent to a proposed change, waiver, discharge or termination with respect to any Loan Document, the applicable replacement bank, financial institution or Fund consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender or such Non-Extending Lender, as applicable, to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender or such Non-Extending Lender and the mandatory assignment of such Non-Consenting Lender's or such Non-Extending Lender's, as applicable, Revolving Commitments and outstanding Loans and participations in Swing Line Loans pursuant to this Section 11.13 shall nevertheless be effective without the execution by such Non-Consenting Lender or such Non-Extending Lender, as applicable, of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE

NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL 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. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.15 Waiver of Right to Trial by Jury.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.16 Electronic Execution.

The words “delivery,” “execute,” “execution,” “signed,” “signature,” and words of like import in any Loan Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided further without limiting the foregoing, upon the request of the Administrative Agent, any electronic signature shall be promptly followed by such manually executed counterpart.

11.17 USA PATRIOT Act.

Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Borrower in accordance with the Act. Each Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

11.18 No Advisory or Fiduciary Relationship.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Joint Lead Arrangers and the Lenders, are arm’s-length commercial transactions between the Borrowers and their Affiliates, on the one hand, and the Administrative Agent, the Joint Lead Arrangers and the Lenders, on the other hand, (ii) each Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) each Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) the Administrative Agent, the Joint Lead Arrangers and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary, for any Borrower or any of Affiliates or any other Person and (ii) none of the Administrative Agent, the Joint Lead Arrangers and the Lenders has any obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent, the Joint Lead Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and none of the Administrative Agent, the Joint Lead Arrangers and the Lenders has any obligation to disclose any of such interests to any Borrower or its Affiliates. To the fullest extent permitted by law, each Borrower hereby

waives and releases, any claims that it may have against the Administrative Agent, any Joint Lead Arranger or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

11.19 Pro Rata Shares of Obligations of Borrowers.

Each Borrower shall be liable for its pro rata share of any payment to be made by the Borrowers under Sections 3.01, 3.04, 3.05, and 11.04, such pro rata share to be determined on the basis of such Borrower's Facility Percentage; provided, however, that if and to the extent that any such liabilities are reasonably determined by the Borrowers (subject to the approval of the Administrative Agent, which approval shall not be unreasonably withheld) to be directly attributable to a specific Borrower, only such Borrower shall be liable for such payments.

11.20 Limitation of Liability.

No shareholder or trustee of Eversource shall be held to any liability whatever for the payment of any sum of money or for damages or otherwise under any Loan Document, and such Loan Documents shall not be enforceable against any such shareholder or trustee in its or his or her individual capacity and such Loan Documents shall be enforceable against the trustees of Eversource only in such trustee capacity, and every person, firm, association, trust or corporation having any claim or demand arising under such Loan Documents and relating to Eversource, its shareholders or trustees shall look solely to the trust estate of Eversource for the payment or satisfaction thereof.

11.21 New Lenders.

From and after the Effective Date, by execution of this Agreement, each Person identified as a "Lender" on each signature page that is not already a Lender under the Existing Credit Agreement hereby acknowledges, agrees and confirms that, by its execution of this Agreement, such Person will be deemed to be a party to this Agreement and a "Lender" for all purposes of this Agreement, and shall have all of the obligations of a Lender hereunder as if it had executed the Existing Credit Agreement. Such Person hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to the Lenders contained in this Agreement.

11.22 Amendment and Restatement.

The parties hereto agree that, on the Effective Date, the following transactions shall be deemed to occur automatically, without further action by any party hereto: (a) the Existing Credit Agreement shall be deemed to be amended and restated in its entirety pursuant to this Agreement; (b) all Obligations under the Existing Credit Agreement outstanding on the Effective Date shall in all respects be continuing and shall be deemed to Obligations outstanding hereunder, except as modified hereby, and this Agreement shall not constitute a novation of such Obligations or any of the rights, duties and obligations of the parties hereunder; and (c) all references in the other Loan Documents to the Existing Credit Agreement shall be deemed to refer without further amendment to this Agreement.

11.23 Reallocation.

The Administrative Agent, the Borrowers and the Lenders hereby acknowledge and agree that the Revolving Commitments of each Lender as set forth on Schedule 2.01 are the Revolving Commitments of such Lender as of the Effective Date, with the reallocation of Loans outstanding under the Revolving Commitments of the Lenders as they existed immediately prior to the Effective Date having been made per

instructions from the Administrative Agent, and neither any Assignment and Assumption nor any other action of any Person is required to give effect to such Revolving Commitments as set forth on Schedule 2.01.

11.24 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Solely to the extent any Lender that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and (b) the effects of any Bail-In Action on any such liability, including, if applicable: (i) a reduction in full or in part or cancellation of any such liability; (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWERS: EVERSOURCE ENERGY,
an unincorporated voluntary business association organized under the laws of the Commonwealth of
Massachusetts

NSTAR GAS COMPANY,
a Massachusetts corporation

THE CONNECTICUT LIGHT AND POWER COMPANY,
a Connecticut corporation

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE,
a New Hampshire corporation

WESTERN MASSACHUSETTS ELECTRIC COMPANY,
a Massachusetts corporation

YANKEE GAS SERVICES COMPANY,
a Connecticut corporation

By: /S/ EMILIE O'NEIL
Name: Emilie O'Neil
Title: Assistant Treasurer-Corporate Finance & Cash Management

ADMINISTRATIVE

AGENT: BANK OF AMERICA, N.A.,
as Administrative Agent

By: /S/ MELISSA MULLIS
Name: Melissa Mullis
Title: Assistant Vice President

LENDERS: BANK OF AMERICA, N.A.,
as a Lender and Swing Line Lender

By: /S/ JERRY WELLS

Name: Jerry Wells

Title: Director

BARCLAYS BANK PLC,
as a Lender

By: /S/ SYDNEY G. DENNIS

Name: Sydney G. Dennis

Title: Director

CITIBANK, N.A.,
as a Lender

By: /S/ RICHARD RIVERA

Name: Richard Rivera

Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
A MEMBER OF MUFG, A GLOBAL FINANCIAL GROUP ("MUFG"),
as a Lender

By: /S/ ROBERT MACFARLANE

Name: Robert MacFarlane

Title: Director

WELLS FARGO BANK, N.A.,
as a Lender

By: /S/ PATRICK ENGEL

Name: Patrick Engel

Title: Managing Director

MIZUHO BANK, LTD.,
as a Lender

By: /S/ NELSON CHANG

Name: Nelson Chang

Title: Authorized Signatory

TD BANK, N.A.,
as a Lender

By: /S/ SHANNON BATCHMAN

Name: Shannon Batchman

Title: Sr. Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /S/ JAMES O'SHAUGHNESSY

Name: James O'Shaughnessy

Title: Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /S/ AMIT GAUR

Name: Amit Gaur

Title: Vice President

GOLDMAN SACHS BANK USA,
as a Lender

By: /S/ REBECCA KRATZ
Name: Rebecca Kratz
Title: Authorized Signatory

KEYBANK NATIONAL ASSOCIATION.,
as a Lender

By: /S/ LISA A. RYDER
Name: Lisa A. Ryder
Title: Senior Vice President

ROYAL BANK OF CANADA,
as a Lender

By: /S/ ERIC KOPPELSON
Name: Eric Koppelson
Title: Vice President

THE BANK OF NEW YORK MELLON.,
as a Lender

By: /S/ RICHARD K. FRONAPFEL, JR.
Name: Ricahrd K. Fronapfel, Jr.
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /S/ THOMAS E. REDMOND
Name: Thomas E. Redmond
Title: Managing Director

COBANK, ACB,
as a Lender

By: /S/ JOSH BATCHELDER
Name: Josh Batchfelder
Title: Vice President

LEASE

by and between

THE ROCKY RIVER REALTY COMPANY

as Landlord

and

NORTHEAST UTILITIES SERVICE COMPANY

as Tenant

PREMISES:

Northeast Utilities' Campus in Newington and Berlin, CT with a mailing address of 107 Selden Street, Berlin, CT

DATE:

JULY 1, 2008

LEASE

THIS LEASE ("Lease") is entered into as of July 1, 2008 ("Effective Date") by and between **THE ROCKY RIVER REALTY COMPANY**, a Connecticut corporation having an office at 107 Selden Street, Berlin, Connecticut 06037 ("Landlord"), and **NORTHEAST UTILITIES SERVICE COMPANY**, a Connecticut corporation having an office at 107 Selden Street, Berlin, Connecticut 06037 ("Tenant"). Landlord and Tenant are collectively referred to herein as the "Parties" and individually as each "Party".

RECITALS:

WHEREAS, Landlord and Tenant have entered into the following prior leases: (i) that certain Lease between Landlord and Tenant dated December 1, 1951, as amended on June 15, 1970 and as further amended, for 37.3 acres in Berlin, Connecticut and the so-called Northeast Utilities ("NU") "Main Building", which expired on June 30, 2003 and thereafter continued on a month-to-month tenancy through June 30, 2008 (the "NU Main Building Lease"); (ii) that certain Lease between Landlord and Tenant dated June 15, 1970, as amended, for 74.3 acres in Berlin and Newington, Connecticut and the so-called NU "Garage and Warehouse" buildings, which expired on June 30, 2003 and thereafter continued on a month-to-month tenancy through June 30, 2008 (the "NU Garage & Warehouse Lease"); (iii) that certain Lease between Landlord and Lessee's affiliate, The Connecticut Light and Power Company, dated June 15, 1970, as amended, for 9.7 acres in Berlin, Connecticut and the so-called NU "South Building", which expired on June 30, 2003 and thereafter continued on a month-to-month tenancy through June 30, 2008 (the "NU South Building Lease"); and (iv) that certain Office Lease between Landlord and Tenant dated April 14, 1992 for a portion of the building(s) known as "NU East" located in Berlin, Connecticut, which expired on April 14, 2007 and thereafter continued on a month-to-month tenancy through June 30, 2008 (the "NU East Building Lease No. 1"); and

WHEREAS, hereinafter, the NU Main Building Lease, the NU Garage & Warehouse Lease, the NU South Building Lease and the NU East Building Lease No. 1 are collectively referred to as the "Original Leases"; and the Original Leases collectively govern all of the real property, buildings and improvements owned by the Landlord located at the NU campus in Berlin and Newington, Connecticut with a mailing address of 107 Selden Street, Berlin, Connecticut, except that the Original Leases do not include that certain Project Lease dated April 14, 1992 between Landlord and Tenant for a portion of the building(s) known as "NU East" in Berlin, Connecticut, which expires on April 14, 2017 and is associated with a third party financing and, therefore, the April 14, 1992 Project Lease cannot be terminated at this time and cannot be included within the definition of the Original Leases (hereinafter, the Project Lease dated April 14, 1992 is referred to as the "Excluded Lease For A Portion Of NU East") ; and

WHEREAS, the location of the premises leased under the Original Leases is more particularly described in the real estate description in Schedule A hereto; and

WHEREAS, the Parties agree that, effective as of the Effective Date, this Lease shall replace and supercede the Original Leases; and the Parties further intend that this Lease shall consolidate into one document the leasing arrangement between the Landlord and the Tenant for the Landlord's real property, buildings and improvements located in Newington and Berlin, Connecticut with a mailing address of 107 Selden Street, Berlin, Connecticut, except, as indicated previously, this Lease shall not replace and supersede the Excluded Lease For A Portion Of NU East.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **DEMISED PREMISES.** Landlord does hereby demise and lease to Tenant, and Tenant does hereby lease from Landlord, (a) those certain parcels of land, together with the buildings and improvements now or hereafter located thereon, located in the Towns of Berlin and Newington, County of Hartford, State of Connecticut, which are more particularly described on Schedule A attached hereto and made a part hereof, (b) all appurtenances associated with the Demised Premises (as hereinafter defined), and (c) all personal property associated with the Demised Premises (as hereinafter defined) (collectively, hereinafter, said real property, including buildings and improvements now or hereafter located thereon, appurtenances and personal property are hereinafter called the "Demised Premises"), reserving, to the Landlord and its assigns, the right to enter upon and to use the Demised Premises, or portions thereof, in a manner that does not unreasonably interfere with the Tenant's rights hereunder.
2. **LEASE TERM.** Landlord shall lease the Demised Premises for use by Tenant in conformance with the terms of this Lease from July 1, 2008 through June 30, 2009 (the "Initial Term"), unless sooner terminated as provided herein. Following the expiration of the Initial Term, this Lease shall automatically be extended for consecutive one-year periods (each, a "Renewal Term") subject to the same terms and conditions set forth herein, unless at least 180 days prior to the expiration of the Initial Term or the then-current Renewal Term, as appropriate, a Party informs the other Party via written notice of its decision to not extend the Initial Term or the then-current Renewal Term, as appropriate, for an additional one-year Renewal Term. The Initial Term and each Renewal Term are collectively referred to herein as the "Term".
3. **DEMISED PREMISES LEASED "AS IS"**. Tenant has thoroughly inspected the Demised Premises, the condition of title, and any governmental statutes, ordinances, regulations, codes and reports relating thereto and is fully satisfied with the Demised Premises in all respects and accepts the same as is.

Tenant acknowledges that neither Landlord nor its representatives, agents or employees have made any representation or promise as to the condition of any element or aspect of the

Demised Premises, its habitability, fitness for a particular purpose or for possession, or compliance with any applicable land use or zoning law or other restrictions to which the Demised Premises may be subject, upon which Tenant has relied.

4. **RENT.**

- (a) **Base Rent.** During the Term of this Lease, Tenant shall pay to Landlord the following amounts: (i) Landlord's actual costs, including its cost of capital (which consists of the cost of equity and debt), to own, construct, operate, maintain, repair, replace and improve the Demised Premises and all buildings and improvements located on the Demised Premises; (ii) all costs incurred by the Landlord for real estate taxes, personal property taxes, municipal assessments, special assessments, refuse removal, cleaning, maintenance, landscaping and snow removal for the Demised Premises; (iii) Landlord's actual cost to provide heat, air conditioning, electric service, natural gas service, telephone service, cable service, telecommunications service, water service, sewer service, sewage service and any other utility or similar services for the Demised Premises; and (iv) all additional amounts that Landlord is required or permitted to charge to, or collect from, Tenant or any sub-tenant pursuant to applicable federal, state and/or local law, including but not limited to the regulations, rules and orders of the Federal Energy Regulatory Commission, the Connecticut Department of Public Utility Control and their successors; (collectively items (i), (ii), (iii) and (iv) are "Base Rent"). Tenant's annual Base Rent, as determined by the Landlord in accordance with the terms of this Lease, shall be identified by the Landlord in monthly invoices from the Landlord to the Tenant. Each monthly payment of Base Rent is due on the first day of each calendar month during the Term. Notwithstanding any law, rule, policy or court decision to the contrary, and in order to induce Landlord to enter into this Lease, the Base Rent shall be payable free of set-off, counterclaim, abatement or reduction.
- (b) **Additional Rent.** The Base Rent herein specified shall be completely net to Landlord. Accordingly, all costs, fees, charges, expenses, obligations and payments of every kind (excluding payments of Basic Rent) related to the Demised Premises, or related to Landlord's ownership thereof, or related to this Lease, that may arise, become due or relate to any event occurring during the Term of this Lease are collectively hereinafter referred to as "Additional Rent", whether or not the same are designated as "Additional Rent", shall be paid by Tenant, and Tenant shall indemnify Landlord against and hold Landlord harmless from all such costs, expenses and obligations. Tenant shall pay Additional Rent required to be paid by Tenant under the terms of this Lease, as and when the same are due under the terms of the Lease, where specified, or within seven (7) days of receipt of written notice from Landlord, where any due date is not specified in the Lease. Notwithstanding any law, rule, policy or court decision to the contrary, and in order to induce Landlord to enter into this Lease, all Additional Rent shall be payable without abatement, deduction or offset.
- (c) **Rent.** All payments of Base Rent and Additional Rent are hereafter collectively referred to as "Rent".

- (d) Treatment of Estimated Expenses Reflected in the Rent. To the extent that any subcomponent or element of the Rent reflects an estimate by Landlord of the actual cost that is expected to be incurred by Landlord (e.g., an estimate of the maintenance expenses that are expected to be incurred by Landlord or an estimate of property taxes), once the actual cost thereof becomes known, Landlord shall true-up the estimated and actual costs so that (i) any resulting under-collection by Landlord of its actual expenses will be included in, and will be recovered from Tenant through, the next monthly invoice for Rent or any subsequent monthly invoice for Rent and (ii) any resulting over-collection by Landlord of its actual expense will be offset by Landlord against a future monthly invoice for Rent.
- (e) Default Interest. If Tenant shall fail to pay when due any Rent, such unpaid amounts shall bear interest from the due date thereof to the date of payment at the Interest Rate (as hereinafter defined). For the purposes of this Lease, the term "Interest Rate" shall be the highest rate allowed by applicable law. This provision shall not be construed to extend the date of payment of any such sums or to relieve Tenant of its obligation to pay any such sums at the time or times herein stipulated.
- (f) Prohibitions. Notwithstanding any law, rule, policy or court decision to the contrary, and in order to induce Landlord to enter into this Lease, no abatement, diminution, or reduction of Base Rent, Additional Rent, charges, or other compensation shall be claimed by or allowed to Tenant or any persons claiming under Tenant, without the Landlord's consent, under any circumstances, whether for inconvenience, discomfort, interruption of business, or otherwise arising from the making of alterations, changes, additions, improvements, or repairs to any buildings now on or which may hereafter be erected on the Demised Premises, by virtue or because of any present or future governmental laws, ordinances, requirements, orders, directions, rules or regulations or by virtue or arising from, and during, the restoration of the Demised Premises after the destruction or damage thereof by fire or other cause (notwithstanding that Landlord shall make all or a portion of the insurance proceeds available to Tenant pursuant to Section 12 hereof) or the taking or condemnation of a portion only of the Demised Premises as set forth in Section 13 hereof (notwithstanding that Landlord shall make all or a portion of a condemnation award available to Tenant pursuant to Section 13 hereof), or arising from any other cause or reason.
- (g) Taxes. Tenant shall make arrangements with the applicable taxing authorities to directly pay to said taxing authorities all real estate taxes, personal property taxes, municipal assessments and special assessments associated with, or arising out of, the Demised Premises (collectively "Taxes"). Either Landlord or Tenant may contest any Taxes with the appropriate authority, provided that, during any contest, Tenant shall continue to make all required Tax payments. All refunds shall be applied to the Base Rent or Additional Rent next due and payable or, if none, shall be refunded to Tenant. This provision shall survive termination of this Lease. In the event that Landlord is

directly assessed or billed for any Taxes, then Tenant shall reimburse Landlord for all Taxes within 30 days of Landlord's written request for reimbursement.

5. **INSURANCE.**

- (a) **Insurance.** Landlord will maintain insurance with respect to the Demised Premises in an amount of, and type of, insurance coverage that is commercially reasonable under the circumstances as determined by Landlord in its discretion, and Tenant shall pay as Additional Rent all fees, costs and expenses, including attorney's fees, incurred by Landlord in maintaining all such insurance. Such insurance shall (i) as to liability insurances, name the Tenant as an additional insured, (ii) provide that for effective cancellation, the Tenant shall be notified of any proposed cancellation of such policy at least thirty (30) days in advance thereof and (iii) allow the Tenant to correct any deficiency giving rise to such proposed cancellation.
- (b) **Indemnification.** Tenant shall indemnify and hold harmless the Landlord from and against any and all loss or damage to persons or property which may be asserted against the Landlord and any holder of an interest in this Lease by reason of the ownership or operation of the Demised Premises, under any workers' compensation laws or by reason of any common law or other liability incident in any way to the ownership or operation of the Demised Premises. Tenant may at its election and at its expense procure insurance against any or all such loss or damage.

6. **UTILITIES.** Tenant shall be entitled to use all existing utility connections, fixtures, risers and services but Landlord shall be under no obligation to furnish utilities to the Demised Premises. Tenant shall contact the appropriate utility companies and service providers to ensure that all utilities and services, including, but not limited to, gas, electricity, light, heat, power, telephone, cable television, internet and other services used or consumed or furnished to the Demised Premises and all buildings and improvements located at the Demised Premises (collectively, "Utilities & Services"), are placed in Tenant's name and all invoices therefor are directly sent to, and paid for by, Tenant. Consistent with Section 4(a)(iii) hereof, in the event that any Utilities & Services are directly charged to, or incurred by, Landlord, then Tenant shall reimburse Landlord for the cost of such Utilities & Services.

7. **REPAIRS, OPERATION AND MAINTENANCE.**

- (a) The Landlord shall not be required to make any repairs or improvements of any kind to the Demised Premises.
- (b) The Tenant shall, at all times during the Term of this Lease, and at its own cost and expense, keep and maintain in good order and condition, ordinary wear and tear excepted, the Demised Premises, including all buildings and improvements on the Demised Premises at the commencement of the Term of this Lease and thereafter erected on the Demised Premises, or forming part thereof, and their full equipment and appurtenances, and make all repairs thereto and restorations, replacements, and

renewals thereof, both inside and outside, structural and nonstructural, extraordinary and ordinary, foreseen or unforeseen, howsoever the necessity or desirability for repairs may occur, and whether or not necessitated by latent defects or otherwise and shall use all reasonable precaution to prevent waste, damage, or injury. Consistent with Section 4(a) hereof, in the event that any costs for the above-mentioned are directly charged to, or incurred by, Landlord, then Tenant shall reimburse Landlord for such costs.

- (c) The Tenant shall also, at its own cost and expense, put, keep, replace, and maintain in thorough repair and in good, safe, and substantial order and condition, and free from dirt, snow, ice, rubbish, and other obstructions or encumbrances, parking areas, the sidewalks, areas, coalchutes, sidewalk hoists, railings, gutters, and curbs within, in front of, and adjacent to, the Demised Premises. Consistent with Section 4(a) hereof, in the event that any costs for the above-mentioned are directly charged to, or incurred by, Landlord, then Tenant shall reimburse Landlord for such costs.
- (d) Without limiting the foregoing, the Tenant shall be responsible for any and all operation and maintenance costs of the Demised Premises, and the costs to Landlord of maintaining, upgrading, replacing or repairing any fixture, utility fixture, road, appurtenance, or any other improvement that Tenant may use or benefit from, in common with Landlord or any other tenants of Landlord, in proportion to Tenant's pro-rata use or benefit of such improvement. Consistent with Section 4(a) hereof, in the event that any costs for the above-mentioned are directly charged to, or incurred by, Landlord, then Tenant shall reimburse Landlord for such costs.
- (e) The Landlord shall not be required to furnish to Tenant any facilities or services of any kind whatsoever during the Term. The Landlord shall not be required to make any alterations, rebuildings, replacements, changes, additions, improvements, or repairs during the Term of this Lease.

- 8. **QUIET ENJOYMENT**. Landlord warrants that it is the owner of the Demised Premises in fee simple and has good right and lawful authority to enter into this Lease, and that Landlord will suffer and permit the Tenant (it keeping all the covenants on its part, as hereafter contained) to occupy, possess, and enjoy the Demised Premises, without hindrance or molestation from it or any person claiming, by, from or under it, except with respect to (a) applicable present and future laws, and (b) all encumbrances and restrictions affecting the Demised Premises reflected in the land records of the Towns of Berlin and Newington prior to and following the Effective Date of this Lease (collectively, the "Permitted Encumbrances").
- 9. **USE OF DEMISED PREMISES**. The Demised Premises may be used for any purposes whatsoever, provided that Tenant shall not use or occupy, or permit the Demised Premises, or any part thereof, to be used or occupied for any unlawful business, use, or purpose, nor for any business, use or purpose reasonably deemed disreputable or extra-hazardous by Landlord, nor for any purpose or in any manner which is in violation of any present or future governmental laws or regulations or which would impair or negate the insurance

coverage required hereunder. The Tenant shall promptly after the earlier of discovery or notice of any such unpermitted, unlawful, disreputable or extra-hazardous use, take all necessary steps, legal and equitable, to compel the discontinuance of such use. The Tenant shall indemnify the Landlord against all costs, expenses, liabilities, losses, damages, injunctions, suits, fines, penalties, claims and demands, including without limitation, attorneys' fees, arising out of any violation or default of these covenants. Tenant shall not use or occupy the Demised Premises or any part thereof so that the buildings or any other improvements thereon will not be insurable by a responsible insurance company or companies against loss or damage, without additional premium.

10. ASSIGNMENT, SUBLETTING AND MORTGAGING BY, TENANT.

- (a) Except as otherwise provided in this Section 10, Tenant shall not, by operation of law or otherwise, assign, mortgage or encumber this Lease, or without Landlord's prior written consent, sublet or assign any of its interests in the Demised Premises or any part thereof or permit the Demised Premises or any part thereof to be used or occupied by others, without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld.
- (b) Notwithstanding any provision of this Lease to the contrary, provided no default exists by Tenant under this Lease, Tenant may, without the consent of Landlord but after notice to Landlord:
 - (i) Enter into a permitted sublease with Dutch Point Credit Union, Inc.;
 - (ii) Sublet any part of the Demised Premises to any parent, affiliate or subsidiary of Tenant or of Northeast Utilities;
 - (iii) Assign this Lease in its entirety to an entity into which Tenant is merged or consolidated or to which all or substantially all of Tenant's assets and business as a continuing concern are transferred, or to any entity which controls or is controlled by Tenant or is under common control with Tenant provided, that in any of such events the entity succeeding to Tenant has a net worth computed in accordance with generally accepted accounting principles equal to or greater than (1) the net worth of Tenant at the date immediately prior to such merger, consolidation or transfer, or (2) the net worth of Tenant on the Effective Date of this Lease, whichever is greater; or
 - (iv) Sublet space in the buildings and other structures located on the Demised Premises (A) to any sublessees that provide services or products to Tenant or (B) to any sublessees that provide services or products to any parent, affiliate or subsidiary of Tenant, or (C) to the employees of any of the foregoing.
- (c) Notwithstanding any provision of this Lease to the contrary, Tenant shall remain at all times primarily, jointly, and severally liable under this Lease despite any subletting or

assignment, except that in connection with a permitted assignment pursuant to subparagraph (b) (iii) above, Tenant shall be released from any and all future obligation or liability hereunder upon delivery to Landlord of (i) a duplicate original of the assignment, (ii) an agreement wherein the assignee assumes or agrees to keep, observe, and perform all obligations to be kept, performed and observed under this Lease on the part of the Tenant, and (iii) a document evidencing the prior written consent to release of the Tenant duly executed by any and all parties, including any person or entity to whom Landlord has collaterally assigned, pledged or otherwise mortgaged its interest in the Demised Premises or this Lease.

- (d) Landlord may assign all or any portion of its rights and/or obligations hereunder without the Tenant's prior consent. Landlord's right to assign its rights hereunder for financing or related purposes are discussed in Section 14 of this Lease.

11. **COMPLIANCE WITH LAWS.** Tenant shall, at its sole cost and expense, promptly observe and comply with all present and future laws, ordinances, requirements, orders, directions, rules and regulations, of all governmental and regulatory authorities having or claiming jurisdiction over, or affecting, the Demised Premises or any part thereof.

12. **DAMAGE BY FIRE OR OTHER CASUALTY.**

- (a) **General Obligations.** If the Demised Premises, or any part thereof, shall be damaged or destroyed by fire, other casualty, condemnation or other taking as provided in Section 13 hereof, whether or not said damage or destruction shall have resulted from the fault or neglect of Landlord or Tenant or their respective servants, invitees, employees, agents, visitors or licensees and whether or not proceeds sufficient to restore or rebuild are available, notwithstanding any law, rule, policy or court decision to the contrary, and in order to induce Landlord to enter into this Lease, this Lease shall continue in full force and effect and Tenant shall, with reasonable diligence, repair or replace such damage or destruction, at Tenant's sole cost and expense; provided, however, that the provisions of this subsection shall not apply if the Lease is terminated pursuant to Section 13(a) hereof.
- (b) **Rental Payments Continue.** Use of insurance proceeds. As provided in Section 4 hereof, Tenant's obligation to make payments of Base Rent and Additional Rent shall continue unabated notwithstanding destruction or taking of the Demised Premises (other than a taking which terminates the Lease pursuant to Section 13(a) hereof); provided, however, that to the extent that Tenant actually makes such repairs and replacements as are covered by the proceeds of any condemnation award or any insurance covering the interests of both Landlord and Tenant (and any assignee of Landlord's interest therein), and Tenant continues to make timely payment to Landlord of all Base Rent, Additional Rent, and other charges payable hereunder, Landlord shall make any such proceeds actually received by it available to Tenant in accordance with all of the provisions of Sections 12 and 13 hereof, and Tenant shall be entitled to apply such proceeds to the

costs of such repairs and replacements. Any amount of such proceeds which is in excess of the cost of such replacements or repairs shall be the sole property of the Landlord.

- (c) Notice of Loss. The Tenant shall give the Landlord prompt notice of any loss covered by insurance, and the Landlord shall have the right to join the Tenant in adjusting any loss; provided, however, that the provisions of this subsection shall not apply if the Lease is terminated pursuant to Section 13(a) hereof.
- (d) Restoration of the Demised Premises. In the event of damage or destruction of the Demised Premises, or any part thereof, as a result of casualty, condemnation, taking or other cause, the Tenant shall give prompt written notice thereof to the Landlord, and (except in the event of a condemnation or other taking by which this Lease is terminated under Section 13(a) hereof), the Tenant shall promptly commence and diligently continue to perform the repair, restoration and rebuilding of that portion of the Demised Premises so damaged or destroyed (hereinafter, the "Work") so as to restore the Demised Premises in full compliance with all legal requirements and so that the Demised Premises shall be at least equal in value and general utility as they were prior to the damage or destruction, and the Tenant shall, prior to the commencement of the Work, furnish to the Landlord for its approval: (i) complete plans and specifications for the work, with satisfactory evidence of the approval thereof (A) by all governmental authorities whose approval is required, (B) by all parties to or having an interest in this Lease, whose approval is required, and (C) by an architect reasonably satisfactory to the Landlord (hereinafter, the "Architect") and which shall be accompanied by the Architect's signed estimate, bearing the Architect's seal, of the entire cost of completing the Work; (ii) certified or photostatic copies of all permits and approvals required by law in connection with the commencement of the Work and as and when obtainable, the conduct of the Work and (iii) a surety bond and/or guaranty of the payment for and completion of the Work, which bond or guaranty shall be in form and substance satisfactory to the Landlord and shall be signed by a surety or sureties, or guarantor or guarantors, as the case may be, who are acceptable to the Landlord, and in an amount not less than the Architect's estimate of the entire cost of completing the Work, less the amount of insurance proceeds (or condemnation award), if any, then held by the Landlord for application toward the cost of the Work.

The Tenant shall not commence any of the Work until the Tenant shall have complied with the applicable requirements referred to in this Section 12(d), and after commencing the Work the Tenant shall perform the Work diligently and in good faith in accordance with the plans and specifications referred to in this Section 12(d).

The Tenant shall pay the full cost of any repairs or restorations to the Demised Premises which cost is not covered by the proceeds of any insurance or condemnation award, whether or not any such proceeds or award is available.

- (e) Restoration: Advances. In the event that the Landlord recovers insurance proceeds (or, in the case of condemnation or taking, the award therefor) on account of damage or

destruction to the Demised Premises, such proceeds or award (if any) less the cost, if any, to the Landlord of such recovery and of paying out such proceeds (including reasonable attorneys' fees and costs allocable to inspecting the Work and the plans and specifications therefor), shall be applied by the Landlord to the payment of the cost of the Work and shall be paid out from time to time to the Tenant and/or, at the Landlord's option exercised from time to time, directly to the contractor, subcontractors, materialmen, laborers, engineers, architects and other persons rendering services or materials for the Work, as said Work progresses except as otherwise hereinafter provided, but subject to the following conditions, any of which the Landlord may waive:

- (i) the Architect shall be in charge of the Work;
- (ii) each request for payment shall be made on seven (7) days' prior notice to the Landlord and shall be accompanied by (A) a certificate of the president or chief financial officer of the Tenant, specifying the party to whom (and for the account of which) such payment is to be made and (B) a certificate of the Architect if one be required under subsection (d) above, otherwise by a certificate of the president or chief financial officer of the Tenant, as applicable, stating (1) that all of the Work completed has been done in compliance with the approved plans and specifications, if any be required under said subsection (d), and in accordance with all provisions of law; (2) the sum requested is justly required to reimburse the Tenant for payments by the Tenant to, or is justly due to, the contractor, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the Work (giving a brief description of such services and materials), and that when added to all sums, if any, previously paid out by the Landlord does not exceed the value of the Work done to the date of such certificate, and (3) that the amount of such proceeds remaining in the hands of the Landlord, will be sufficient on completion of the Work to pay for the same in full (giving in such reasonable detail as the Landlord may require an estimate of the cost of such completion);
- (iii) each request shall be accompanied by waivers of liens, or if unavailable, lien bonds, satisfactory to the Landlord covering that part of the Work previously paid for, if any, and by a search prepared by a title insurance company satisfactory to the Landlord or by Landlord's counsel or by other evidence satisfactory to the Landlord, that there has not been filed with respect to the Demised Premises any mechanic's lien or other lien or instrument for the retention of title in respect of any part of the Work not discharged of record and that there exist no encumbrances on or affecting the Demised Premises (or any part thereof) other than encumbrances, if any, existing as of the date hereof and which have been approved by the Landlord;

- (iv) no event shall have occurred and be continuing which with the passage of time or the giving of notice, or both, would constitute an Event of Default pursuant to Section 20 hereof; and
- (v) the request for any payment after the Work has been completed shall be accompanied by certified copies of all certificates, permits, licenses, waivers and/or other documents required by law (or pursuant to any agreement binding upon the Tenant or affecting the Demised Premises or any part thereof) to render occupancy of the Demised Premises legal.

Any such proceeds or award remaining in the Landlord's hands after the completion of the Work and payment in full therefor, or upon the Tenant's failure to commence and diligently complete the Work, shall be the sole property of the Landlord, and the Landlord shall owe no duty to account therefor to Tenants or to apply the same to the amounts due to the Landlord from the Tenant hereunder.

- (f) Restoration by the Tenant. If within one hundred twenty (120) days after the occurrence of any damage or destruction to the Demised Premises, the Tenant shall not have submitted to the Landlord and received the Landlord's approval of plans and specifications for the repair, restoration and rebuilding of the Demised Premises so damaged or destroyed (approved by the Architect and by all governmental authorities and other persons or entities, if any, whose approval is required), or if, after such plans and specifications are approved by all such governmental authorities and other persons or entities, if any, and the Landlord, the Tenant shall fail to commence promptly such repair, restoration and rebuilding, or if thereafter the Tenant fails diligently to continue such repair, restoration and rebuilding or is delinquent in the payment to mechanics, materialmen or others of the costs incurred in connection with such Work, or if the Tenant shall fail to repair, restore and rebuild promptly the Demised Premises so damaged or destroyed, then, in addition to all other rights herein set forth, and after giving the Tenant ten (10) days' written notice of the nonfulfillment of one or more of the foregoing conditions, the Landlord or any lawfully appointed receiver of the Demised Premises, may at their respective options, perform or cause to be performed such repair, restoration and rebuilding, and may take such other steps as they deem advisable to perform such repair, restoration and rebuilding, and upon twenty-four (24) hours' prior written notice to the Tenant, the Landlord may enter upon the Demised Premises to the extent reasonably necessary or appropriate for any of the foregoing purposes, and the Tenant hereby waives, for the Landlord and all others holding an interest in Landlord's interest in this Lease, any claim against the Landlord and such receiver arising out of anything done by the Landlord or such receiver pursuant hereto, and the Landlord or such receiver, may, at its option, apply insurance proceeds (without the need by the Landlord to fulfill any other requirements of this Lease) to reimburse the Landlord and/or such receiver for all amounts expended or incurred by them, respectively, in connection with the performance of such Work, and any excess costs shall be paid by the Tenant to the Landlord upon demand, and such payment of excess costs shall be deemed Additional Rent and due on demand.

- (g) Waiver. In order to induce Landlord to enter into this Lease, Tenant hereby expressly waives the provisions of any statute or law granting to Tenant the right or option to continue or terminate this Lease or to remain in or vacate the Demised Premises in the event of damage thereto or destruction thereof, and Tenant hereby agrees that the provisions of this section shall govern and control in lieu of the provisions of any such statute or law.

13. **EMINENT DOMAIN.**

- (a) Termination on Complete Taking. Notwithstanding anything to the contrary in Section 12 hereof, if the Demised Premises or such part thereof as would render the remainder of the Demised Premises unusable for the conduct of Tenant's operations on the Demised Premises as they are then being conducted (as determined by Landlord in its reasonable discretion) shall be taken in condemnation proceedings or by virtue of the exercise of eminent domain or for any public or quasi public improvement or use, Tenant's obligations under this Lease, including the obligation to pay Base Rent and Additional Rent hereunder, shall continue up to and including the later of (i) the date that actual possession of the Demised Premises, or that portion thereof, is taken by the condemning authority, if this Lease has not been terminated by the condemning authority, or (ii) the date that this Lease is terminated by the condemning authority and title to the Demised Premises or the part so taken has vested in the condemning authority, upon which date this Lease shall terminate as though the Term of this Lease had expired. If this Lease is terminated as a result of any such taking as provided in this Subsection, Tenant shall have no right to any part of the damages assessed for the taking of the Demised Premises. All sums recovered or awarded for such taking or for damages for such taking shall belong to and are hereby assigned to Landlord.
- (b) Partial Taking. In the event this Lease shall not be terminated as a result of a taking pursuant to Section 13(a) above, the Tenant shall, with reasonable diligence, repair and restore that portion of the Demised Premises not so taken, and the Landlord shall make all or a portion of the condemnation award (up to the amount of the cost of such repairs and restoration), when received, available to Tenant for application toward such costs in the manner otherwise specified in Section 12 in the case of casualty. No repairs or restoration shall be commenced without the prior written approval of Landlord, which approval shall not be unreasonably withheld. Tenant's obligation to pay Base Rent and Additional Rent shall continue, without abatement, deduction or offset, notwithstanding the foregoing.
- (c) Waiver. In order to induce Landlord to enter into this Lease, Tenant hereby expressly waives the provisions of any statute or law granting to Tenant any rights or options that affect the agreements of the parties contained in this Section, and Tenant agrees that the provisions of this Section shall govern and control in lieu of the provisions of any such statute or law.

14. **ASSIGNMENT OF RENTS AND ATTORNMENT TO LANDLORD'S DESIGNATED ASSIGNEE.**

- (a) Assignments. Landlord may assign (without the Tenant's prior consent) all of Landlord's right, title and interest in, to and under this Lease, including all rights to consent, approve, or exercise any option or election, rents, issues, profits and proceeds (including, without limitation, casualty and condemnation proceeds) payable now or hereafter to Landlord from Tenant under this Lease, to any bank, insurance company, mortgagee or similar financial institution for financing and/or related purposes (collectively hereinafter, "Landlord's Designated Assignee"), whether or not such assignee is the holder of any mortgage and, upon written notice from Landlord, Tenant will make such rent and/or other payments, as and when due under this Lease, directly to any such assignee designated by Landlord.
- (b) Tenant's Duties to the Landlord's Designated Assignee. Without limitation of any other agreement entered into between the Landlord's Designated Assignee and the Tenant, Landlord and Tenant agree that if Landlord elects to assign its rights hereunder to Landlord's Designated Assignee pursuant to Section 14(a) of this Lease, then the following provisions shall apply:
 - (i) There shall be no cancellation, surrender, or modification of this Lease by joint action of Landlord and Tenant without the prior consent in writing of the Landlord's Designated Assignee;
 - (ii) Tenant shall, upon sending Landlord any notice of default pursuant to Section 21 hereof, simultaneously send a copy of such notice to the Landlord's Designated Assignee, and no such notice to Landlord shall be effective unless such copy is sent to the Landlord's Designated Assignee. Tenant agrees that the Landlord's Designated Assignee shall, after receipt of such notice, have the right to cure or cause the cure of any default of Landlord hereunder, for the same cure period permitted to Landlord hereunder, and Tenant agrees to accept such performance by or at the instigation of the Landlord's Designated Assignee as if the same had been done by Landlord.
 - (iii) In the event that the Landlord's Designated Assignee acquires Landlord's interest hereunder by judicial proceedings or otherwise, then, upon written request of the Landlord's Designated Assignee, Tenant agrees to accept the Landlord's Designated Assignee as a party to this Lease, to re-execute a lease upon substantially the same terms and conditions as this Lease for the then remaining Term hereof, and to accord the Landlord's Designated Assignee full right, title, interest and privileges accorded to Landlord hereunder. In any such event, the Landlord's Designated Assignee shall not be liable for any prior acts or omissions of the Landlord.

- (iv) Tenant shall, on or before ten (10) days after a request by the Landlord's Designated Assignee or Landlord, execute, acknowledge and deliver to the Landlord's Designated Assignee an agreement, prepared at Landlord's sole cost and expense, in form satisfactory to Landlord and Landlord's Designated Assignee, between Landlord, Tenant and the Landlord's Designated Assignee, memorializing all of the provisions of this Section 14 and further assent to the terms of the assignment by Landlord of its interests hereunder to the Landlord's Designated Assignee, and such other documentation as Landlord's Designated Assignee reasonably requests from time to time.

15. **ALTERATIONS, INSTALLATIONS AND CHANGES.** Tenant may, at its sole cost and expense, from time to time redecorate the Demised Premises and make such alterations, installations and changes in such parts thereof as it shall deem necessary or desirable for its purposes; provided, however, that no alteration, installation or change costing in excess of \$5,000,000.00 shall be commenced without the prior approval of Landlord, which approval shall not be unreasonably withheld. All alterations, improvements, renewals and replacements made in or upon the Demised Premises by Tenant shall immediately belong to Landlord and become part of the Demised Premises.
16. **SIGNS.** With the prior written consent of Landlord, Tenant shall, at its own expense, have the right to install, maintain, change and remove any signs on the Demised Premises. Tenant may continue to maintain any existing signs on other land of the Landlord, in their current locations, at Tenant's sole expense, subject to the right of Landlord to terminate such right, upon thirty (30) days advance written notice to Landlord. All such signs shall be erected and maintained in accordance with all laws and regulations pertaining thereto. Upon the termination of this Lease, Tenant shall remove any such signs and restore the areas occupied by such signs to the condition existing prior to the installation thereof.
17. **ACCESS TO DEMISED PREMISES.** Tenant shall permit Landlord or Landlord's agents to enter upon the Demised Premises, at all reasonable hours, for the purpose of inspecting the same.
18. **IMPROVEMENTS AND TRADE FIXTURES AT END OF TERM.**
- (a) **Improvements to Demised Premises.** At the expiration or earlier termination of the Term of this Lease, Tenant shall surrender to Landlord the Demised Premises, together with all alterations, improvements, renewals and replacements thereof requested by the Landlord, in good order, condition and state of repair, ordinary wear and tear excepted.
- (b) **Trade Fixtures.** All-non-structural installations made by and at the expense of Tenant for the purpose of the conduct of its business on the Demised Premises (hereinafter referred to as "Trade Fixtures") shall at all times be and remain the sole property of Tenant and may be removed by Tenant at any time during, or at the end of, the Term of this Lease, provided that the same can be removed without structural damage to the Demised Premises and Tenant places the Demised Premises in the same condition as

they were prior to the installation or placement of the Trade Fixtures on the Demised Premises, ordinary wear and tear excepted.

- (c) Improvements and Trade Fixtures Not Accepted by the Landlord. Notwithstanding any contrary provisions in Sections 18(a) and 18(b) of this Lease, no later than 90 days after the expiration or earlier termination of the Term of this Lease, Tenant shall be responsible for the cost of removing and appropriately disposing of (i) all alterations, improvements, renewals and replacements by the Tenant or any subtenant to the Demised Premises which the Landlord elects (in the Landlord's discretion) not to accept ownership of and (ii) all Trade Fixtures and other personal property located at the Demised Premises which the Landlord elects (in the Landlord's discretion) not to accept ownership of.
- (d) Landlord's Right of Self-Help. In the event that Tenant fails to timely comply with its obligations under this Section 18, then Landlord may elect to (but is not obligated to) perform the obligations imposed on Tenant by this Section 18 and all costs incurred by the Landlord, including costs for removal, repair, construction, reconstruction, storage, moving and disposal, shall be reimbursed to the Landlord within 30 days of the Tenant's receipt of a written request for reimbursement from the Landlord.

19. **CURING TENANT'S DEFAULTS.** If Tenant shall be in default in the performance of any of the agreements, conditions, covenants or terms of this Lease beyond applicable notice and grace periods, or in the payment of any amounts required to be paid hereunder by Tenant, including, without limitation, payment of premiums in connection with any insurance policies required to be maintained pursuant to the terms hereof, any other charges under this Lease, repair and maintenance obligations, keeping the Demised Premises free of any mechanics or other liens, or making any other payment or performing any other act on Tenant's part to be paid or performed as provided herein, then Landlord may, but shall not be obligated to, upon thirty (30) days written notice to Tenant or without notice in an emergency, pay or perform the same for the account of Tenant without waiving the performance of or releasing Tenant from any of Tenant's agreements, obligations or covenants hereunder. Any amount paid, or any expenses or liability incurred, including attorneys' fees, by Landlord for the account of the Tenant as aforesaid, shall be deemed to be Additional Rent, payable immediately upon demand. The foregoing remedy shall be in addition to and not in limitation of all of the rights and remedies of Landlord described in this Lease.

20. **DEFAULTS BY TENANT.**

- (a) Events of Default. Each of the following shall be deemed an Event of Default by Tenant hereunder and a breach of this Lease:
 - (i) A failure by Tenant in the payment of the Base Rent, any Additional Rent or any other charges due hereunder within ten (10) days after its due date;

- (ii) a default in the performance or observance of any other covenant, condition or provision of this Lease to be performed or observed by Tenant and continuing for a period of thirty (30) days after the earlier to occur of (A) Tenant's obtaining actual knowledge of such default or (B) Tenant's receipt of written notice of such default; provided, however, that in the case of any such default which cannot be cured by the payment of money but which is otherwise curable, if such default cannot be cured within such thirty (30) day period, then and so long as the Landlord is not (and could not reasonably be expected to be) materially adversely affected by such default and so long as the Tenant is proceeding with due diligence to cure such default and is submitting periodic reports on request of Landlord with respect to the efforts to effect such cure, such thirty (30) day period shall be extended for up to an additional ninety (90) days to the extent required to permit Tenant, proceeding with due diligence, to cure such default;
 - (iii) the filing of a petition by or against Tenant for adjudication as a bankrupt under the Federal Bankruptcy Code (hereinafter referred to as the "Bankruptcy Laws") as now or hereafter amended or supplemented, or for reorganization or for arrangement within the meaning of or pursuant to any of the Bankruptcy Laws, or the filing of any petition by or against Tenant under any future bankruptcy act or law for the same or similar relief; the commencement of any action or proceeding for the liquidation of Tenant whether instituted by or against Tenant, or for the appointment of a receiver or trustee of the property of Tenant, or any material portion thereof; the taking of possession of the property of Tenant by any governmental officer or agency pursuant to statutory authority for the dissolution, rehabilitation, reorganization or liquidation of Tenant; the making by Tenant of an assignment for the benefit of creditors; however, if any of such actions shall be involuntary on the part of Tenant, the event in question shall not be deemed a default within the meaning of this Lease if cured by Tenant within sixty (60) days thereof;
 - (iv) the abandonment or vacating of the Demised Premises by Tenant;
 - (v) two or more events of default under this Lease in any consecutive twelve (12) month period, whether or not the same may have been cured in any applicable cure period.
- (b) Termination. If an Event of Default under the Lease has occurred and is continuing beyond any applicable cure periods, Landlord may terminate this Lease.
- (c) Rights On Termination. Upon a termination of this Lease by Landlord, in accordance with section 20(b) hereof, Tenant shall quit and peacefully surrender the Demised Premises to Landlord and Landlord, upon or at any time after any such termination, may without further notice, enter upon the Demised Premises and possess itself thereof, by self help (to the extent permitted by law), summary process, ejectment or otherwise it being understood and agreed that no demand for the Base Rent or Additional Rent

and no re-entry for conditions broken as at common law may be necessary to enable the Landlord to recover such possession and that no demand for the Base Rent or Additional Rent and no re-entry for conditions broken pursuant to any statutes now or hereafter existing relating to summary process, ejectment, or any other action for the possession of the Demised Premises shall be necessary, the right to the same being hereby waived by the Tenant (to the extent permitted by applicable law), and the Landlord shall not be deemed guilty of any manner of trespass, nor shall Landlord be liable to indictment, prosecution or damages therefor, and Landlord may dispose Tenant and remove Tenant and all other persons or entities and property from the Demised Premises.

- (d) Waiver of Notice to Quit. Tenant hereby expressly waives the right of service of any notice to quit provided for in any statute, or of Landlord's intention to institute legal proceedings to that end, and Tenant, for and on behalf of itself and all persons claiming through or under Tenant, also waives any and all legal and equitable or other rights of redemption or re-entry or re-possession or to restore the operation of this Lease in case Tenant shall be dispossessed by summary process, ejectment or by warrant of any court or judge or in case of re-entry or repossession by Landlord or in the case of any other expiration or termination of this Lease.
- (e) Liability of Tenant. In the event of a cancellation or termination of this Lease pursuant to this Section, or otherwise (except a termination of this Lease pursuant to Section 13(a) hereof), and notwithstanding the re-entry by Landlord, Tenant shall, nevertheless, remain liable to Landlord for the payments of the Base Rent and Additional Rent at the times and in the manner as such payments would otherwise have been due and payable but for such termination, without abatement, deduction or offset, for the remainder of the Term of this Lease. Landlord may, without notice, repair or alter the Demised Premises in such manner as Landlord may deem necessary or advisable, and/or let or relet the Demised Premises, and any and all parts thereof, for the whole or any part of the remainder of the then remaining Term of this Lease, in Landlord's name, or as the agent of Tenant and out of the rent so collected or received, Landlord shall first pay to itself the expense and cost of retaking, repossessing, repairing and altering the Demised Premises and the expense of moving persons and property therefrom, and second, pay to itself any cost or expense sustained in securing any new tenant or tenants, and third, pay to itself any balance remaining on account of the liability of Tenant to Landlord for the sum equal to the Base Rent, Additional Rent and any additional charges due hereunder and unpaid by the Tenant for the remainder of the Term of this Lease. There shall be included in any such costs, as aforesaid, attorneys' fees incurred therewith. Should any rent so collected by Landlord, after payments aforesaid, be insufficient to fully pay to Landlord a sum equal to the Base Rent and Additional Rent and any additional charges due hereunder, the balance or deficiency shall be paid by Tenant on the days above specified, that is, upon each of such due date, Tenant shall pay to Landlord the amount of the deficiency then existing and Tenant hereby agrees to be and remain liable for any such deficiency; and the right of Landlord to recover from Tenant the amount thereof, or a sum equal to the amount of the Base Rent and Additional Rent

and any additional charges due hereunder, whether or not there shall be a reletting, shall survive any summary process, ejectment, other action or other termination of this Lease; and Tenant hereby expressly waives any defense that might be predicated upon any such action of summary process, ejectment or other action or other termination or cancellation of this Lease. Should any rent so collected by Landlord after the payments aforesaid be in excess of the Base Rent and Additional Rent and any additional charges due hereunder, such excess shall be applied by Landlord against any Base Rent and Additional Rent and any additional charges due hereunder thereafter coming due and payable.

Suit or suits for the recovery of such deficiency or damages, or for a sum equal to any installment or installments of Base Rent or Additional Rent hereunder, may be brought by Landlord from time to time, at its election, and nothing herein contained shall be deemed to require Landlord to wait until the date whereon this Lease or the Term of this Lease would have expired by limitation had there been no such default by Tenant and no such termination or cancellation.

21. **LANDLORD'S DEFAULT.**

- (a) **Events of Default.** If Landlord shall neglect or fail to perform or observe any of the material covenants of the Landlord in this Lease and such default shall continue more than thirty (30) days following written notice thereof, as required herein, to Landlord and Landlord's Designated Assignee, without the Landlord or Landlord's Designated Assignee having commenced remedy of such default, or if Landlord or Landlord's Designated Assignee shall fail to continue to conclusion the action reasonably necessary to remedy such default with diligence and dispatch, then the Tenant may cause such default to be cured, and require the Landlord to reimburse it, subject to the provisions of subsection (b) hereof, for all of the Tenant's reasonable costs of curing such default within a reasonable time of demand therefor. Notwithstanding anything to the contrary contained herein, Tenant has no rights whatsoever to terminate this Lease (except for Tenant's right of termination as discussed in Section 2 hereof and except for the automatic termination resulting from a complete taking via eminent domain as discussed in Section 13(a) hereof) nor, should this Lease be terminated by action of the Landlord, shall Tenant be relieved of any of its obligations to pay Base Rent and Additional Rent, as and when the same are due.
- (b) **Limitation of Liability.** Notwithstanding anything to the contrary contained in this Lease, Tenant shall look solely to the estate of Landlord in the Demised Premises and the rentals therefrom for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and performed by Landlord, and no other assets of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claims. In the event Landlord conveys or transfers its interest in the Demised Premises or in this Lease, except as collateral security for a loan, upon such conveyance or transfer,

Landlord (and in the case of any subsequent conveyances or transfers, the then grantor or transferor) shall be entirely released and relieved from all liability with respect to the performance of any terms, covenants and conditions on the part of Landlord to be performed hereunder from and after the date of such conveyance or transfer, provided that any amounts then due and payable to Tenant by Landlord (or by the then grantor or transferor) or any other obligations then to be performed by Landlord (or by the then grantor or transferor) for Tenant under any provisions of this Lease, shall either be paid or performed by Landlord (or by the then grantor or transferor) or such payment or performance assumed by the grantee or transferee; it being intended hereby that the covenants and obligations on the part of Landlord to be performed hereunder shall be binding on Landlord, its successors and assigns only during and in respect of their respective periods of ownership of an interest in the Demised Premises or in this Lease.

22. **NON-LIABILITY AND INDEMNIFICATION OF LANDLORD.** Tenant hereby agrees to indemnify and hold Landlord and Landlord's Designated Assignee, and their respective agents, servants and employees, harmless from and against any and all liabilities, damages, expenses, fees (including, without limitation, attorneys' fees), penalties, actions, causes of action, suits, costs, claims or judgments arising from injury to any persons or property in or about or traceable to the Demised Premises from any cause whatsoever or, by whomsoever caused, except to the extent such is due to the gross negligence or willful misconduct on the part of Landlord or Landlord's Designated Assignee, or any of their respective agents, servants or employees (unless damage or injury is to Tenant's property, whereupon said parties shall have no liability to Tenant under any circumstances) and Tenant is not insured against such loss, damage, injury or other casualty by insurance then carried pursuant to the terms of Section 5 hereof.
23. **TENANT'S OBLIGATION TO DISCHARGE MECHANIC'S LIENS.** If, as a result of Tenant performing its obligations hereunder or in the making of any repairs, replacements, alterations, installations and/or changes in or upon the Demised Premises as permitted hereunder, any mechanic's or other lien or order for the payment of money shall be filed against the Demised Premises by reason of, or arising out of, any labor or material furnished or alleged to have been furnished or to be furnished to, or for, Tenant at the Demised Premises or for or by reason of any change, alteration or addition by Tenant, or the cost or expense thereof, or any contract relating thereto, or against Landlord as fee owner thereof by reason of such work or contract of Tenant, Tenant shall cause the same to be canceled and discharged of record, by bond or otherwise, or establish a reasonable escrow, all at the sole expense of Tenant, within thirty (30) days after the filing of said lien or order, and shall also defend, on behalf of Landlord, at Tenant's sole cost and expense, any action, suit or proceeding that may be brought thereon or for the enforcement of such lien or order, and Tenant will pay any damages and discharge any judgment entered therein and save harmless Landlord from and indemnify it against any claim, damage or costs, including attorneys' fees, resulting therefrom.
24. **CERTIFICATES BY TENANT.** Tenant shall, at any time and from time to time, upon not less than ten (10) days prior notice by Landlord, execute, acknowledge and deliver to

Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications or, if not in full force and effect, stating the reasons therefor and the status of the Lease), and the dates to which the Base Rent, Additional Rent and other charges have been paid, and stating, to the best of its knowledge, whether or not Landlord or Tenant are in default in performance of the terms of this Lease and, if so, specifying each such default of which Tenant may have knowledge, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of the Demised Premises or any lenders. Tenant shall have the same rights to certificates, upon the same notice to Landlord.

25. **HOLDING OVER.** In the event Tenant shall continue in occupancy of the Demised Premises after the expiration of the Term of this Lease, such occupancy shall not be deemed to extend or renew the Term of this Lease, but such occupancy shall continue as a tenancy from month-to-month upon the same terms, covenants, conditions and provisions herein contained.
26. **TIME OF THE ESSENCE.** Time and punctuality shall be of the essence of this Lease, but no delay or failure of Landlord to enforce any of the provisions herein and no conduct, statement or agreement of Landlord which might otherwise alter, change or waive any of the provisions herein, shall waive or change any of Landlord's rights hereunder or prevent Landlord from enforcing such rights, unless and until to the extent such waiver, change or agreement shall be clearly expressed in a writing signed by Landlord.
27. **ENTIRE AGREEMENT.** This instrument contains the entire and only agreement between the Parties regarding the leasing of the Demised Premises and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect. This Lease may only be changed, modified or discharged by an agreement in writing executed by the Parties.
28. **PARTIAL INVALIDITY.** If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.
29. **NOTICE OF LEASE.** Each party shall at any time, at the request of the other, promptly execute duplicate originals of an instrument, in recordable form, that will constitute a notice of lease under Conn. Gen. Stat. Section 47-19 or any successor statute thereof. A notice of Lease is included in Schedule B hereto.
30. **HEADINGS.** The headings for the various Sections and subsections covered in this Lease are used only as matter of convenience as an aid to finding the subject matters and are not to

be construed as part of this Lease and shall not in any way limit or amplify the terms or provisions of this Lease.

31. **NOTICES.** All notices and requests herein provided for shall be considered given or made when mailed, by registered mail, postage prepaid, as follows:

To Landlord:

The Rocky River Realty Company
P.O. Box 270
Hartford, Connecticut 06141-0270
Attention: Corporate Property Management Department
(For U.S. Mail or Hand Delivery)

To Tenant:

Northeast Utilities Service Company
P.O. Box 270
Hartford, Connecticut 06141-0270
Attention: Facilities Department
(For U.S. Mail or Hand Delivery)

32. **CONSTRUCTION.** This Lease is made and executed in and is to be construed under the laws of the State of Connecticut.
33. **SUCCESSORS AND ASSIGNS.** Except as otherwise provided herein, the agreements, conditions, covenants and terms herein contained shall, in every case, apply to, be binding, and inure to the benefit of the Parties and their respective successors and permitted assigns, with the same force and effect as if specifically mentioned in each instance where a Party hereto is named; provided, however, that no assignment or transfer of this Lease by Tenant, in violation of the provisions of this Lease, shall vest in any such assignee or transferee any right or title in or to the leasehold estate hereby created.
34. **COUNTERPARTS.** This Lease 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.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed as of the Effective Date.

Signed and delivered in
the presence of:

/s/ Linda Vasil

Linda Vasil
Print Name of Witness 1

/s/ Ellen Lindner

Ellen Lindner
Print Name of Witness 2

LANDLORD: THE ROCKY RIVER REALTY COMPANY

By /s/ Peter J. Clarke

Print Name: Peter J. Clarke

Title: Vice President-Shared Services

/s/ Linda Vasil

Linda Vasil
Print Name of Witness 1

/s/ Ellen Lindner

Ellen Lindner
Print Name of Witness 2

**TENANT: NORTHEAST UTILITIES SERVICE
COMPANY**

By /s/ Salvatore Giuliano

Print: Salvatore Giuliano

Title: Manager-Corporate Property Management for
Northeast Utilities Service Company

STATE OF CONNECTICUT)

COUNTY OF HARTFORD) ss. Berlin

Before me personally appeared **Peter J. Clarke** to me known, who being by me duly sworn, did depose and say that he is the Vice President-Shared Services for **The Rocky River Realty Company**, and he executed the foregoing instrument as his free act and deed and the free act and deed of The Rocky River Realty Company.

Notary Public: /s/ Kathy L. Schmidt

My Commission Expires: 09-30-2009

STATE OF CONNECTICUT)

COUNTY OF HARTFORD) ss. Berlin

Before me personally appeared **Salvatore Giuliano** to me known, who being by me duly sworn, did depose and say that he is the Manager-Corporate Property Management for **Northeast Utilities Service Company**, which executed the foregoing instrument as his free act and deed and the free act and deed of Northeast Utilities Service Company.

Notary Public: /s/ Kathy L. Schmidt

My Commission Expires: 09-30-2009

Schedule A

(See attached Legal Description of the Demised Premises)

Schedule A is comprised of the following documents:

1. Schedule A.1: Legal Description from the NU Main Building Lease.
2. Schedule A.2: Legal Description from the NU Garage & Warehouse Lease.
3. Schedule A.3: Legal Description from the NU South Building Lease.
4. Schedule A.4: Legal Description from the NU East Building Lease No. 1.

Excluded from Schedule A is the portion of the Demised Premises subject to the Excluded Lease For A Portion Of NU East

Schedule B

NOTICE OF LEASE

Pursuant to Connecticut General Statutes § 47-19, this is to certify that a Lease dated as of July 1, 2008 ("Lease") was entered into by and between **THE ROCKY RIVER REALTY COMPANY**, a Connecticut corporation having an office at 107 Selden Street, Berlin, Connecticut 06037 ("Landlord"), and **NORTHEAST UTILITIES SERVICE COMPANY**, a Connecticut corporation having an office at 107 Selden Street, Berlin, Connecticut 06037 ("Tenant") and contains the following terms and conditions:

1. Premises. See Schedule A hereto; and
2. Initial Term. The initial term of the Lease shall be for a period of 1 year from July 1, 2008 through June 30, 2009.

3 . Extensions. The initial term of the Lease shall automatically be extended by successive one-year extensions unless the (i) Tenant or Landlord provide notice of termination for convenience at least 180 days prior the expiration of the then-current term or (ii) the Lease is terminated for a uncured breach pursuant to the terms of the Lease.

4 . Use. Office, utility company, commercial and related purposes associated with the Tenant's and its affiliates' performance of their duties as public utility companies.

5 . Incorporation of Lease. The Landlord and Tenant hereby agree to incorporate herein by reference the Lease and agree to be bound by all of the covenants, conditions and agreements contained therein. Duplicate executed copies of the Lease are on file at the offices of the Landlord and Tenant at the addresses listed below:

<u>To Landlord:</u> The Rocky River Realty Company c/o Northeast Utilities Legal Department 107 Selden Street Berlin, Connecticut 06037	<u>To Tenant:</u> NUSCO c/o Northeast Utilities Legal Department 107 Selden Street Berlin, Connecticut 06037
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IN WITNESS WHEREOF, the said parties have hereto caused this Notice to be executed this ____ day of _____, 200__.

Signed and delivered in
the presence of:

Print Name of Witness 1

Print Name of Witness 2

LANDLORD: THE ROCKY RIVER REALTY COMPANY

By _____

Print Name: Peter J. Clarke

Title: Vice President-Shared Services and Secretary
Duly Authorized

Print Name of Witness 1

Print Name of Witness 2

TENANT: NORTHEAST UTILITIES SERVICE COMPANY

By _____

Print: Salvatore Giuliano

Title: Manager-Corporate Property Management for Northeast Utilities
Service Company

STATE OF CONNECTICUT)

COUNTY OF HARTFORD) ss. Berlin

On the ____ day of _____, 200__, before me personally appeared **Peter J. Clarke** to me known, who being by me duly sworn, did depose and say that he is the Vice President-Shared Services for **The Rocky River Realty Company**, and he executed the foregoing instrument as his free act and deed and the free act and deed of The Rocky River Realty Company.

Notary Public: _____

My Commission Expires: _____

STATE OF CONNECTICUT)

COUNTY OF HARTFORD) ss. Berlin

On the ____ day of _____, 200__, before me personally appeared **Salvatore Giuliano** to me known, who being by me duly sworn, did depose and say that he is the Manager-Corporate Property Management for **Northeast Utilities Service Company**, which executed the foregoing instrument as his free act and deed and the free act and deed of Northeast Utilities Service Company.

Notary Public: _____

My Commission Expires: _____

(COMPOSITE CONFORMED COPY - as amended)

Amendment No. 1-May 1, 1986

Amendment No. 2-September 1, 1987

Amendment No. 3-August 1, 1988

EQUITY FUNDING AGREEMENT

FOR

NEW ENGLAND HYDRO-TRANSMISSION ELECTRIC COMPANY, INC.

DATED AS OF JUNE 1, 1985

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EQUITY FUNDING AGREEMENT

FOR

NEW ENGLAND HYDRO-TRANSMISSION ELECTRIC COMPANY, INC.

This AGREEMENT dated as of June 1, 1985, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro) and the New England entities listed in Attachment A hereto. New England Power Company is signing this Agreement only with respect to the commitments made to it by the Equity Sponsors under Section 10 hereof. Those New England entities that have executed this Agreement and that meet the further conditions for participation and qualification hereunder are hereinafter referred to as Equity Sponsors or individually as an Equity Sponsor. The Equity Sponsors are sometimes referred to

collectively herein, but their rights and obligations hereunder are several and not joint as described in Section 6 hereof.

In consideration of the premises, the concurrent execution of the other Basic Agreements hereinafter referred to, the mutual covenants hereinafter and therein set forth, and other good and valuable consideration, receipt whereof is hereby acknowledged, it is hereby agreed as follows:

Section 1. Basic Understandings and Purpose

New England utilities are currently participating in the arrangements for the Phase I interconnection planned by the New England Power Pool (NEPOOL) with Hydro-Quebec, which is to consist of a ± 450 kV HVDC transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a substation at the Comerford Generating Station on the Connecticut River (hereinafter referred to as Phase I). The basic arrangements covering the portion of Phase I in the United States are set forth in the New England Power Pool Agreement, as amended (the NEPOOL Agreement) and three contracts among the participants in Phase I as follows:

1. Vermont Transmission Line Support Agreement, dated as of December 1, 1981, as amended, with Vermont Electric Transmission Company, Inc.
2. Phase I Terminal Facilities Support Agreement, dated as of December 1, 1981, as amended, with New England Electric Transmission Corporation, and
3. Agreement With Respect To Use Of Quebec Interconnection, dated as of December 1, 1981, as amended, including the restatement thereof in connection with Phase II (this Agreement as restated to cover Phase II is hereinafter referred to as the Use Agreement).

These Phase I interconnection facilities are currently under construction with completion scheduled during 1986.

With the completion of arrangements for Phase I and the related contracts with Hydro-Quebec, the members of NEPOOL have conducted studies of the benefits of an expanded interconnection for NEPOOL with Hydro-Quebec (Phase II) and have negotiated with Hydro-Quebec a firm energy arrangement to utilize the expanded interconnection facilities.

The portion of Phase II in the United States will consist of an extension of the Phase I DC transmission line from the proposed terminus of Phase I at the Comerford Station through New Hampshire to a site in Massachusetts with additional terminal facilities installed at that site to increase the total transfer capacity between Hydro Quebec and NEPOOL from the 690 MW of Phase I to approximately 2000 MW. Reinforcements to the existing AC transmission system of New England Power and to certain AC facilities of Boston Edison Company will also be required. The United States portion of the Phase II facilities will be designated as pool-planned facilities in the same manner as the United States portion of the Phase I facilities was so designated.

Each Equity Sponsor acknowledges that it has been represented on the Executive and Planning Committees of NEPOOL that had responsibility for evaluating the feasibility of Phase II and, through this representation, actively participated in the decision of

NEPOOL to go forward with Phase II. Furthermore, each Equity Sponsor represents that it made its own independent investigations and inquiries as it deemed appropriate and did not rely upon representations (other than those contained in this Agreement) of New England Hydro or its affiliates in deciding to enter into this Agreement.

The sharing of benefits among the New England utilities associated with Phase II is set forth in the Use Agreement. The Use Agreement also permits each New England utility to make its own entitlement transactions with Hydro Quebec and to use the interconnection for such transactions.

The provisions of the Phase II Massachusetts Transmission Facilities Support Agreement (Massachusetts HVDC Support Agreement) cover the Phase II Massachusetts HVDC transmission line and terminal facilities in Massachusetts. New England Hydro will build, own, operate, and maintain those Massachusetts HVDC transmission facilities.

The portion of the Phase II HVDC transmission line to be constructed in New Hampshire is covered under the Phase II New Hampshire Transmission Facilities Support Agreement (New Hampshire HVDC Support Agreement). New England Hydro-Transmission Corporation (New Hampshire Hydro, an affiliate of New England Hydro) will build, own, operate, and maintain those New Hampshire HVDC transmission facilities.

All improvements and reinforcements to the AC transmission system in Massachusetts necessitated by Phase II are covered under the Phase II New England Power AC Facilities Support Agreement (New England Power AC Support Agreement) and the Phase II Boston Edison AC Facilities Support Agreement (Boston Edison AC Support Agreement).

The provisions of this Agreement cover the commitments of the Equity Sponsors of New England Hydro to contribute equity funds to New England Hydro, to provide certain limited credit support in connection with debt financing of New England Hydro, to provide certain limited credit support in connection with the New England Power AC Support Agreement and the Boston Edison AC Support Agreement, and to accept an allocation of a share of Phase II in the event of a default by certain participating New England utilities under certain other Basic Agreements.

In view of the need to formalize the agreements among the parties at an early date so that (i) binding commitments with Hydro Quebec for Phase II may be made, (ii) binding commitments for ultimate construction and the financing of the United States portion of Phase II may be undertaken consistent with the time schedule anticipated by NEPOOL and with the assurance that commitments among the New England utilities are in place, and (iii) licensing activities may proceed on a schedule that enables completion of such construction consistent with the time schedule anticipated by NEPOOL, the following agreements are concurrently being entered into (the "Basic Agreements") which collectively set forth rights and obligations with respect to the foregoing undertaking: (1) this Agreement; (2) the Massachusetts HVDC Support Agreement; (3) the New Hampshire HVDC Support Agreement; (4) the Equity Funding Agreement for New Hampshire Hydro; (5) the New England Power AC Support Agreement; (6) the Use Agreement; (7) various amendments to the NEPOOL Agreement relating to the sharing of savings, capability responsibilities, and Pool transmission

arrangements; and (8) the Boston Edison AC Support Agreement.

In order to coordinate each participating utility's interest in Phase II to the fullest extent possible, each of the following Basic Agreements have been drafted with the intent that the participating interest of each participating utility will be the same under each agreement: the Massachusetts HVDC Support Agreement, the New Hampshire HVDC Support Agreement, the New England Power AC Support Agreement, the Boston Edison AC Support Agreement, and the Use Agreement. These Basic Agreements also provide that, notwithstanding any provision thereof that may be interpreted to the contrary, the proper interpretation of each of these Basic Agreements is to be consistent with such overriding intent. Each Equity Sponsor acknowledges this overriding intent and agrees that any action by it or its appointee affecting such participating interests shall be the same under this Agreement and the Equity Funding Agreement with New Hampshire Hydro in order to also be consistent with such overriding intent.

Section 2. Conditions Precedent to Effectiveness

The effectiveness of this Agreement, and all rights, obligations, and performance of the signatories hereunder, is subject to (1) New England Electric System (NEES) and other signatories having executed this Agreement committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, and each such signatory having demonstrated by February 1, 1988, to the satisfaction of New England Hydro that it is qualified to be an Equity Sponsor pursuant to Section 4, (ii) New England Hydro or New Hampshire Hydro or New England Power or Boston Edison and members of NEPOOL (including Boston Edison and New England Power) serving at least 66-2/3% of the aggregate kilowatt-hour load served by NEPOOL members in 1980 having executed the other Basic Agreements (except for the Equity Funding Agreement for New Hampshire Hydro and the amendments to the NEPOOL Agreement), (iii) each signatory having also executed the Equity Funding Agreement for New Hampshire Hydro and having the same percentage of New Hampshire Hydro's equity as its Equity Share hereunder, (iv) members of NEPOOL having executed the amendments to the NEPOOL Agreement for Phase II in order that such amendments may become effective in accordance with the NEPOOL Agreement, and (v) each signatory having satisfied the conditions precedent set forth below.

By September 15, 1988, each signatory to this Agreement shall provide certificates and legal opinions from counsel satisfactory to New England Hydro, together with certified copies of related resolutions, consents, approvals, authorizations, and other documents (Documentation) necessary to establish to the satisfaction of New England Hydro that all corporate and regulatory consents, waivers, approvals, authorizations and other actions necessary in connection with performance by such signatory of its obligations under the Agreement have been obtained and are in full force and effect, that the Agreement has been duly authorized, executed, and delivered by such signatory, and that it constitutes a binding commitment by the signatory enforceable in accordance with its terms. Forms of Documentation acceptable to New England Hydro are included in Attachment B hereto. Prior to signing this Agreement, each signatory has provided to New England Hydro a listing of all consents, waivers, approvals, authorizations, and other actions required for that signatory to deliver its Documentation.

Vermont Electric Power Company, Inc. (VELCO) and Massachusetts Municipal Wholesale Electric Company (MMWEC) represent qualified signatories on Schedules and MMWEC contracts a number of electric systems. If they desire and are to be Equity Sponsors, they shall be deemed to have behalf of those respective systems listed in I or II, respectively. By September 1, 1988, VELCO will provide New England Hydro with copies of with their respective systems which impose absolute and unconditional obligations on such systems to pay their proportionate shares of all costs or obligation incurred under this Agreement by VELCO or MMWEC, respectively. By that date, VELCO and MMWEC will also provide to New England Hydro as part of their Documentation certificates, legal opinions (from counsel satisfactory to New England Hydro), and other documents in form and substance satisfactory to New England Hydro representing unconditionally that all consents, approvals, and authorizations have been obtained by their contracting systems in connection with each such system's performance of its obligations under its respective contract with VELCO or MMWEC and that each such contract imposes absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively, and has been duly authorized, executed, and delivered and is a binding commitment of such system enforceable in accordance with its terms. If regulatory approvals have not been obtained by September 1, 1988, such representations shall be conditioned upon receipt of regulatory approvals. VELCO and MMWEC will have until September 15, 1988, to receive such approvals and make such representations unconditionally. In order that percentages of participation be consistent among the Basic Agreements, VELCO and MMWEC shall have their contracts with their contracting systems cover the necessary commitments for each Basic Agreement.

All expenses in connection with obtaining and delivering any Documentation under this Agreement, including legal opinions, are to be borne by the signatory incurring such expense. New England Hydro will have no responsibility for any expenses incurred by VELCO and MMWEC in providing Documentation for their respective contracting systems.

Any signatory that fails to meet the requirements of Section 2 by the deadlines contained herein will not be an Equity Sponsor under this Agreement and will not have any rights and obligations hereunder.

New England Hydro by written notice to all signatories may extend any deadline date specified in this Agreement to a later date, provided that any extension for longer than six months requires the consent of the Advisory Committee under the Massachusetts HVDC Support Agreement.

Section 3. Effective Date and Term

This Agreement shall become effective (the Effective Date) upon the last to occur of the following dates:

- (i) the date that the Equity Sponsors, committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, have met the requirements of Section 2; and

(ii) the date that the last of the other Basic Agreements (excluding the Use Agreement) becomes effective or would become effective but for a condition that its effectiveness is subject to this Agreement becoming effective.

Upon execution and delivery of the Agreement by New England Hydro and NEES and other signatories committing in the aggregate to Equity Shares (as hereinafter defined) equal to no less than 100%, and notwithstanding any provision herein to the contrary, no signatory may terminate its obligations hereunder except in accordance with provisions of this Agreement.

The term of this Agreement shall expire on the later to occur of the termination dates of the Massachusetts HVDC Support Agreement or the New England Power and Boston Edison AC Support Agreements.

Section 4. Equity Sponsor Qualification

A. In order to enhance New England Hydro's ability to finance its portion of Phase II as required under the Massachusetts HVDC Support Agreement and to enhance the credit support of certain Supporters under the AC Support Agreement, some or all of the New England utilities participating in Phase II whose credit ratings are at least one grade above the lowest investment grade have agreed to provide, or to cause their designees to provide, credit support for those New England utilities participating in Phase II whose credit ratings are below investment grade. NEES and those New England utilities or their designees which have agreed to provide this credit support are the Equity Sponsors of New England Hydro under this Agreement.

B. A Participant under the Massachusetts HVDC Support Agreement or its authorized designee qualifies to be an Equity Sponsor by having its outstanding long-term debentures rated at least one grade above the lowest investment grade rating as of September 1, 1985. If no long-term debentures are outstanding, the ratings used shall be those of such company's most junior long-term mortgage or revenue bonds. If no mortgage bonds, revenue bonds, or debentures are outstanding, the ratings used shall be those of the most junior long-term debt. VELCO shall qualify to be an Equity Sponsor if 80% or more of its common stock is owned by utilities whose debt securities qualify pursuant to this subsection 4(B).

For purposes of this Agreement, "one grade above the lowest investment grade rating" means a rating equal to the following ratings from two of these rating agencies: Standard and Poor's Corporation - Rating BBB; Moodys Investor Service - Rating Baa2; and Duff & Phelps - Rating D&P 9 (or the equivalent municipal ratings).

C. A "designee" shall be authorized to be an Equity Sponsor if it is a parent company of such Participant and (i) its debt securities meet the appropriate test specified in B above, or (ii) at least 80% of its consolidated utility revenues are derived from subsidiaries whose debt securities meet the appropriate test specified in B above. (For VELCO, each stockholder of VELCO shall be a parent company of VELCO.) On or before the date of execution of this Agreement, each Participant shall identify its designee, if any.

D. A Participant under the Massachusetts HVDC Support Agreement also qualifies to be an Equity Sponsor if it has an Equity Share of four tenths of one percent (0.4%) or less and it has only one long-term debt rating from any of the three rating agencies

referred to in B above and such rating is at least "A3" as of September 1, 1985.

E. In order that the necessary credit enhancement is provided as specified in A above, the qualification of each Equity Sponsor shall be reviewed by New England Hydro as of the date that the first equity contributions are to be made by such Equity Sponsor. If an Equity Sponsor fails to qualify on such date, appropriate actions and allocations shall be instituted as provided elsewhere in this Agreement.

F. Notwithstanding any provision of Sections 2, 4(B), and 4(D) to the contrary, if a Participant (i) has only one credit rating and seeks to qualify to be an Equity Sponsor under above, or (ii) has no credit rating at all and seeks to qualify to be an Equity Sponsor under B or D above, such new credit rating or ratings must be received by February 1, 1988, from one or more of the rating agencies referred to in B above and such new credit rating or ratings shall be current. Such Participant must demonstrate by February 1, 1988, to the satisfaction of New England Hydro that it is qualified to be an Equity Sponsor pursuant to this Section 4.

Section 5. Equity Shares

A. Each Equity Sponsor shall have and be charged with a percentage interest in all rights and obligations hereunder determined in accordance with this Section 5 (which interest is hereinafter referred to as its "Equity Share"). All of the equity of New England Hydro will be owned by the Equity Sponsors in proportion to their Equity Shares.

The Equity Share of each Equity Sponsor shall be computed both initially and as changed from time to time in accordance with the terms hereof, by New England Hydro as hereinafter provided. Such computations shall be made as of the first day of any month in which there is a change in the number of Equity Sponsors or any change in the interest of any Equity Sponsor as herein provided. The initial computation is to be made as of September 15, 1985, and subsequent computations are to be made in any month thereafter in which an interest is modified or terminated due (i) to the failure of a signatory to provide proof that it is qualified to be an Equity Sponsor by February 1, 1988, or (ii) to the failure to provide Documentation by September 15, 1988, or (iii) to the failure to be so qualified on the date the first equity contributions are to be made by such Equity Sponsor, or (iv) to the operation of any provision of this Agreement. All computations shall be final unless there is a manifest error. Such computations of Equity Sponsors' Equity Shares as initially calculated and as changed under (i) and (ii) shall be made pursuant to Attachment C. Changes under (iii) shall be made pursuant to section 5(C) below, and changes under (iv) shall be made pursuant to the appropriate section requiring the change.

B. The Equity Shares on and as of the initial computation date, and as of the date of subsequent computations under subparts (i) and (ii) of the second paragraph of A above, will be calculated as follows:

1.51% to NEES; and

2.49% apportioned among the other Equity Sponsors on the basis of the subscription process as described in

Attachment C.

(Attachment C provides that each Equity Sponsor may specify a maximum percentage of equity and that such maximum shall remain

in effect until September 15, 1988 or such later deadline if extended pursuant to Section 2 hereof.) After the initial computation and prior to the Effective Date, each Equity Sponsor may transfer any or all of its Equity Share to one or more other Equity Sponsors. On or before September 1, 1988, any such Equity Sponsor which has transferred or intends to transfer any or all of its Equity Share to one or more other Equity Sponsors, must provide documentation to New England Hydro covering the transfer. Any apportionment of Equity Shares pursuant to Section 5B(2) above shall be made without regard to (i) any transfers of Participating Shares pursuant to Section 4 of the Massachusetts HVDC Support Agreement or (ii) any transfers of Equity Shares made after the initial computation and prior to the Effective Date, provided that each Equity Sponsor which has agreed to take such transferred Equity Share has provided the required Documentation by September 15, 1988 (including Documentation covering any such transferred Equity Share). Any transfers of Equity Shares, as provided above, shall be taken into account after such apportionment.

Upon execution of this Agreement, MMWEC may receive any such transferred Equity Shares; however, MMWEC shall not be included as an Equity Sponsor in any computations pursuant to the first paragraph of this Section 56.

C. On the basis of New England Hydro's review of the qualifications of each Equity Sponsor other than NEES as of the date that the first equity contributions are to be made by such Equity Sponsor, if one or more Equity Sponsors are no longer qualified under Section 4, (i) the aggregate Equity Shares of such unqualified Equity Sponsors shall first be offered in writing by New England Hydro to all then qualified Equity Sponsors other than NEES for voluntary subscription, (ii) second, any remaining shortfall shall be allocated pro rata among such qualified Equity Sponsors not including NEES in proportion to their Equity Shares determined as of September 15, 1988, provided that the aggregate of all involuntary allocations under this Section 4(C) to such qualified Equity Sponsors shall not exceed an aggregate Equity Share of 10%, and further provided that the aggregate of all such involuntary allocations to any such Equity Sponsor shall not increase such Equity Sponsor's Equity Share determined as of September 15, 1988, by more than 25% thereof, and (iii) finally, any remaining shortfalls shall be retained pro rata by such no longer qualified Equity Sponsors in proportion to their Equity Shares determined as of September 15, 1988; provided, however, that NEES and all qualified Equity Sponsors may agree to other allocation arrangements; and further provided that NEES shall not have an Equity Share of less than 51% unless it so consents. (The above deadlines of September 15, 1988, may be extended to a later deadline pursuant to Section 2 hereof.)

All offerings above shall be made in accordance with a voluntary subscription process as specified in New England Hydro's offering letter, and any oversubscriptions will be treated as provided therein.

Section 6. Relationship among Equity Sponsors

The rights and obligations of the Equity Sponsors hereunder are several, in accordance with their respective Equity Shares, and not joint. The rights and obligations of New England Hydro hereunder are also several and not joint with those of the Equity Sponsors or any one thereof. There is no intention to create by this Agreement, or by any grant, lease, license, or activity related hereto, an association, joint venture, trust, or partnership or to impose on New England Hydro or any Equity Sponsor trust or partnership rights or

obligations; and any such implied intention is expressly negated. Except as expressly provided in this Agreement, no Equity Sponsor shall have by virtue of this Agreement or of any such grant, lease, license, or activity the right or power to bind any other Equity Sponsor without its express written consent.

Section 7. Equity Contribution

A. Under the Massachusetts HVDC Support Agreement, New England Hydro has agreed to limit its equity investment to a maximum of 40% of its total capital as of the effective date of that agreement and has agreed to use its best efforts (subject to an exception specified in the Massachusetts HVDC Support Agreement) to continue to limit its equity investment to 40% of its total capital during the time that New England Hydro has outstanding debt in its capital structure.

New England Hydro may call from time to time by written notification upon the Equity Sponsors to contribute equity in any of the forms set forth in this Section up to a maximum aggregate amount of \$140 million, provided that Equity Sponsors having 66-2/3% of Equity Shares may agree to increase this maximum aggregate amount; and then all Equity Sponsors shall contribute such requested amount with each Equity Sponsor contributing up to its Equity Share of the new maximum. Any contribution made in response to New England Hydro's call in excess of the maximum aggregate amount, as adjusted from time to time, may be made on a voluntary basis by any contributing Equity Sponsor, and New England Hydro will make an appropriate adjustment in Equity Shares.

B. During the term of this Agreement, New England Hydro has the option from time to time to call for contribution of equity in any of the following forms:

1. New England Hydro may offer shares of its common stock to its Equity Sponsors and each Equity Sponsor shall subscribe for and purchase, for cash at a price set by New England Hydro, its Equity Share of the common stock so offered.
2. After each Equity Sponsor owns common stock of New England Hydro, New England Hydro may request that capital contributions be made, and each Equity Sponsor shall contribute to New England Hydro its Equity Share of the total capital contribution so requested.

C. In order that New England Hydro may limit its equity investment to a maximum of 40% of its total capital, New England Hydro may, at its option, from time to time, take any of the following actions:

1. New England Hydro may repurchase for cash its common stock from Equity Sponsors in amounts that will not change the relative Equity Shares among Equity Sponsors and at a price per share equal to book value per share at the time of repurchase. Each Equity Sponsor shall sell such common stock to New England Hydro in the full amount so requested.

2. New England Hydro may return any capital contribution previously received from Equity Sponsors in amounts that will not change the relative Equity Shares among Equity Sponsors. Each Equity Sponsor shall accept such return of capital contribution in the full amount so returned.

3. New England Hydro may pay dividends out of earnings or make liquidating dividends to the Equity Sponsors.

D. New England Hydro shall give written notice of any call for contributions of equity under B above to each Equity Sponsor. Such notice shall specify the amount to be contributed, the form of the contribution, and a date, at least thirty days after the date of the notice, that the equity is to be contributed. New England Hydro will provide annually estimates of its equity requirements and estimated dates when any equity contributions hereunder will be due. New England Hydro shall give written notice of any action to reduce its equity under C above to each Equity Sponsor. Such notice shall specify the amount and form of the reduction and a date, at least fifteen days after the date of the notice, that the reduction in equity is to occur.

E. New England Hydro shall use the proceeds of any equity contribution under this Agreement for the sole purpose of meeting its capital requirements under the Massachusetts HVDC Support Agreement.

F. All transactions under B, up to a maximum aggregate amount of \$140 million, and under C above shall be subject to receipt of all necessary regulatory approvals, and New England Hydro and the Equity Sponsors shall use their best efforts to obtain, or to assist in obtaining, these approvals in advance of the Effective Date.

G. New England Hydro shall have two classes of common stock, both of which will have the same preferences, qualifications, special or relative rights or privileges except that only one class shall have voting powers. Equity Shares allocated to NEES shall be evidenced by voting common stock. The Equity Shares allocated to each other Equity Sponsor shall, at the option of such Equity Sponsor, be evidenced by shares of voting common stock or non-voting common stock. Any reallocation of Equity Shares pursuant to Section 5 hereof shall be effected in such manner as to involve the issuance of additional common stock to each Equity Sponsor of the class then held by such Sponsor. Such election to take voting or non-voting stock shall be made in writing to New England Hydro by September 1, 1988.

H. Notwithstanding any provision of this Agreement to the contrary, prior to the date that New England Hydro first calls for equity contributions from all Equity Sponsors, all equity of New England Hydro will be owned and contributed by NEES.

Section 8. Cash Deficiency Guarantee

A. The Massachusetts HVDC Support Agreement provides that, if New England Hydro has, on any Due Date, a Cash Deficiency attributed to a Participant, the Participant absolutely and unconditionally guarantees to pay its Cash Deficiency on demand of Lenders. (This commitment is made in section 19 of that Agreement.) To provide further credit support to New England Hydro, each Equity Sponsor absolutely and unconditionally guarantees to pay its then Equity Share of the Cash Deficiency attributed to any

Credit Enhanced Participant (as defined in the Massachusetts HVDC Support Agreement) with respect to any third party debt financing of New England Hydro that was credit enhanced for such Participant, with such amounts to be paid directly on demand to Lenders, in cash, if for any reason a Credit Enhanced Participant fails to pay when due its Cash Deficiency on demand of Lenders. Each Equity Sponsor agrees that its obligations under this Section shall be continuing, absolute, and unconditional and without the benefit of any defense, claim, set-off, recoupment, abatement, or other right, existing or future, which an Equity Sponsor may have against the Lenders, New England Hydro, or any other person, and shall remain in full force and effect until all of the obligations of New England Hydro to the Lenders have been discharged.

Each Equity Sponsor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of any Lender or New England Hydro or any other Equity Sponsor, protest or notice with respect to this guarantee, and covenants that the obligations contained in this guarantee will not be discharged except by complete performance of the obligations of New England Hydro to the Lenders.

B. Notwithstanding any other provision contained herein, each Equity Sponsor's obligations under this Section 8 shall be limited to its Equity Share of the Cash Deficiency attributed to any Credit Enhanced Participant with respect to any financing of New England Hydro that was credit enhanced for such Participant.

C. In no event shall the several guarantees of the Equity Sponsors attributable to Credit Enhanced Participants for each debt financing of New England Hydro exceed in the aggregate 35% of the aggregate amount of the obligations relating to such financing, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such 35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

D. In no event shall Equity Sponsors be required to provide guarantees for a Participant with respect to a particular third party debt financing of New England Hydro if that would result in Credit Enhanced Participants with respect to that and all other outstanding financings of New England Hydro and New Hampshire Hydro having Participating Shares exceeding 35% under the Massachusetts HVDC Support Agreement, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such 35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

E. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for the several guarantees made in this Section.

Section 9. Acceptance of Participating Shares

A. In accordance with section 15 of the Massachusetts HVDC Support Agreement, if a Participant that is a Credit Enhanced Participant is terminated by New England Hydro as a Participant, each Equity Sponsor or its appointee shall be allocated by New England Hydro its then Equity Share of the Participating Share of such terminated Participant; such allocation to be made as of the date

of such termination. Each Equity Sponsor or its appointee shall accept such allocation from New England Hydro and shall unconditionally and absolutely assume the rights and obligations associated therewith from the date of such allocation. If a Participant that was not also a Credit Enhanced Participant is terminated, then acceptance of any allocation shall be voluntary by any Equity Sponsor or its appointee and shall be in accordance with New England Hydro's offer thereof. If required by New England Hydro, any Equity Sponsor or its appointee assuming rights and obligations under the Massachusetts HVDC Support Agreement shall execute and deliver any documents necessary to effectuate such assumption. If any Equity Sponsor that is the designee of a Participant is unable to deliver these documents to effectuate the assumption, such Equity Sponsor shall take all actions necessary for the Participant that so designated it as an Equity Sponsor to assume such rights and obligations as its appointee.

The appointee of NEES shall be New England Power Company. The appointee(s) of any other Equity Sponsor shall be the Participant(s) for which such Equity Sponsor was acting as a designee. Each Equity Sponsor agrees that if its appointee is allocated a Participating Share under the Massachusetts HVDC Support Agreement, such Equity Sponsor shall also allocate to it an equal participating share and support share under the New Hampshire HVDC Support Agreement and New England Power and Boston Edison AC Support Agreements, respectively.

B. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for performance of its or its appointee's commitments made in this Section.

Section 10. Commitments under the AC Support Agreements

A. In accordance with sections 4 of the New England Power and Boston Edison AC Support Agreements, if a Credit Enhanced Supporter thereunder is terminated, each Equity Sponsor or its appointee shall be allocated its then Equity Share of the Support Share of such terminated Supporter; such allocation to be made as of the date of such termination. Each Equity Sponsor or its appointee shall accept such allocation made by New England Power and Boston Edison and shall unconditionally and absolutely assume the rights and obligations associated therewith from the date of such allocation. If a Supporter under the AC Support Agreements which is not also a Credit Enhanced Supporter is terminated, then acceptance of any allocation shall be voluntary by any Equity Sponsor or its appointee and shall be made in accordance with New England Power's and Boston Edison's offer thereof. If required by New England Power or Boston Edison, any Equity Sponsor or its appointee assuming rights and obligations under the AC Support Agreements shall execute and deliver any documents necessary to effectuate such assumption. If any Equity Sponsor that is a designee of a Participant is unable to deliver these documents to effectuate the assumption, such Equity Sponsor shall take all actions necessary for the Participant that so designated it as an Equity Sponsor to assume such rights and obligation as its appointee.

The appointee of NEES shall be New England Power Company. The appointee(s) of any other Equity Sponsor shall be the Supporter for which such Equity Sponsor was acting as a designee. Each Equity Sponsor agrees that if its appointee is allocated a

Support Share under the New England Power and Boston Edison AC Support Agreements, such Equity Sponsor shall also allocate to it an equal participating share under the New Hampshire HVDC Support Agreement and Massachusetts HVDC Support Agreement, respectively.

B. Recognizing the need to provide additional financial security to induce New England Power, Boston Edison, and the Supporters to undertake the substantial obligations of these AC Support Agreements, each Equity Sponsor agrees that it shall absolutely and unconditionally pay (or cause its appointee to pay), promptly upon request and in addition to any Support Share payment, its then Equity Share of any unpaid amounts attributed to a Credit Enhanced Supporter as specified in, and in accordance with, sections 14 of these AC Support Agreements (excluding any amounts due pursuant to sections 17 and 18 thereof).

C. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for performance of its commitments made in this Section.

Section 11. Character of Payment Obligations

The obligations of each Equity Sponsor to make payments hereunder, and to perform and observe all other agreements on its part contained herein, are absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any insolvency, composition, bankruptcy, reorganization, arrangement, liquidation or similar proceedings relating to New England Hydro, New England Power Company, Boston Edison Company, the Equity Sponsor, any other Equity Sponsor, or any affiliate thereof, (ii) any invalidity or unenforceability or disaffirmance by New England Hydro or any Equity Sponsor of any provision of this Agreement or any failure, omission, delay, or inability of New England Hydro to perform any of its obligations contained herein, (iii) any amendment, extension, or other change of, or any assignment or encumbrance of any rights or obligations under, this Agreement, or any waiver or other action or inaction, or any exercise or nonexercise of any right or remedy, under or in respect to this Agreement, or (iv) any inability of the Equity Sponsor or any other Equity Sponsor to obtain regulatory approvals for financing its Equity Share of any obligations under this Agreement or for meeting any other obligations under this Agreement, it being the intention of the parties hereto that all amounts payable by each Equity Sponsor in respect of this Agreement shall begin to be payable and shall continue to be payable in all events in the manner and at the time herein provided. In that connection, each Equity Sponsor hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, or surrender any of its obligations under this Agreement.

Section 12. Default

A. Any of the following events (Events of Default) that occur and are continuing are Events of Default:

- (i) An Equity Sponsor shall fail to pay to New England Hydro when due any amount which it has agreed to pay under any provision of this Agreement, and such failure shall continue for more than 15 days after written notice thereof has been given to such Equity Sponsor by New England Hydro; or
- (ii) An Equity Sponsor shall fail to supply in accordance with the terms hereof any documentation required, by New England Hydro in connection with financing with Lenders by New England Hydro (for VELCO and MMWEC, this includes documentation for their respective contracting electric systems), and such failure shall continue for more than 30 days after written notice of such failure has been given to such Equity Sponsor by New England Hydro; or
- (iii) An Equity Sponsor shall fail to perform any other obligation under this Agreement in accordance with the terms hereof, and such failure shall continue for more than 30 days after written notice thereof has been given to such Equity Sponsor or any of its affiliates by New England Hydro.
- (iv) An Equity Sponsor shall experience an event of default under the Equity Funding Agreement for New Hampshire Hydro.

B. If an Event of Default under Section 12A(i) above shall have occurred, New England Hydro may, by written notice to each Equity Sponsor, request that the nondefaulting Equity Sponsors on a voluntary basis make the overdue payment to New England Hydro, provided that similar voluntary payments are made under the Equity Funding Agreement for New Hampshire Hydro.

C. New England Hydro or any Equity Sponsor shall be free to invoke such remedies at law or in equity as may be deemed appropriate against any Equity Sponsor that defaults under this Agreement.

Section 13. Restrictions on Transfer of Common Stock

Each Equity Sponsor agrees that it will not transfer any or all of its common stock of New England Hydro to any other person unless such person is an Equity Sponsor or meets the requirements for being an Equity Sponsor under sections 4B or 4C or 4D or 4F hereof as of the date of such transfer and a similar transfer is made under the Equity Funding Agreement for New Hampshire Hydro.

Section 14. Dividends on Common Stock

Any Equity Sponsor may direct New England Hydro to withhold the payment of a dividend to such Equity Sponsor and apply such dividend to reduce the current or the next Support Charge payment required to be made under the Massachusetts HVDC Support Agreement by such Equity Sponsor or its appointee.

Section 15. Restrictions on Dividends, Return of Capital and Repurchase of Common Stock

Any Equity Sponsor which is in default hereunder pursuant to Section 12 is not entitled to receive any amounts from New England Hydro representing such Equity Sponsor's then Equity Share of dividends, return of capital, or proceeds from any repurchase

of common stock until all amounts (including interest thereon at an annual rate equal to two percent over the current interest rate on prime commercial loans from time to time in effect at the principal office of the First National Bank of Boston) owed by such Equity Sponsor to New England Hydro have been paid.

Section 16. Certain Actions of New England Hydro

A. New England Hydro shall not take any of the following actions without prior written approval of Equity Sponsors having at that time at least 80% of the Equity Shares:

(i) Amend New England Hydro's articles of organization or by-laws to adversely affect the rights of the Equity

Sponsors as stockholders in a material manner under the Basic Agreements, unless such amendment is required by regulation or law; and

(ii) Merge, consolidate, or sell all or substantially all of the assets of New England Hydro not otherwise permitted by the Massachusetts HVDC Support Agreement.

B. New England Hydro shall distribute in a timely manner to each Equity Sponsor copies of (a) its annual audited financial statements, (b) notices of all of its directors' and stockholders' meetings (including any committees thereof), and (c) minutes of all of its directors' and stockholders' meetings.

Section 17. Miscellaneous

A. Successors and Assigns This Agreement shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of the parties and shall also be binding, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any party. Except for a transfer of any or all of an Equity Sponsor's Equity Share prior to the Effective Date as provided in Section 5B hereof, no assignment of this Agreement shall operate to relieve the assignor of its obligations under this Agreement without the written consent of the parties hereto. Written notice to all parties will be given prior to any assignment hereunder.

Notwithstanding the above, New England Hydro may collaterally assign this Agreement without the consent of the Equity Sponsors in connection with a third party financing by New England Hydro.

B. Right of Setoff. No Equity Sponsor shall be entitled to set off against the payments required to be made by it hereunder (1) any amounts owed to it by New England Hydro, any affiliate of New England Hydro, or any other Equity Sponsor, or (2) the amount of any claim by it against New England Hydro, any affiliate of New England Hydro, or any other Equity Sponsor. However, the foregoing shall not affect in any other way any Equity Sponsor's rights and remedies with respect to any such amounts owed to it by New England Hydro, any affiliate of New England Hydro, or any other Equity Sponsor or any such claim by it against New England Hydro or any other Equity Sponsor.

C. Amendments. Any amendments changing the Equity Shares of the Equity Sponsors or the several nature of the obligations

and rights of the Equity Sponsors hereunder as specified in Section 6, shall require consent by all parties. In the event that an Equity Sponsor is obligated to acquire Equity Shares hereunder and does not pay for such Shares, then such Shares will not be issued to him and such Equity Sponsor's Equity Share will be reduced accordingly. All other amendments to this Agreement shall be by mutual agreement of New England Hydro and Equity Sponsors owning Equity Shares aggregating at least 80%, evidenced by a written amendment signed by New England Hydro and such Equity Sponsors; and New England Hydro and all Equity Sponsors shall be bound by any such amendment.

D. Notices. Except as the parties may otherwise agree, any notice, request, bill, or other communication relating to this Agreement, or the rights, obligations or performance of the parties hereunder, shall be in writing and shall be effective upon delivery. Any such communication shall be considered as duly delivered when delivered in person or mailed by registered or certified mail, postage prepaid, to the respective post office address of the other parties shown following the signatures of such other parties hereto, or such other address as may be designated by written notice given as provided in this paragraph D.

E. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts.

F. Other

- 1.No action, regardless of form, arising out of this Agreement may be brought by any party hereto more than three years after the cause of action has arisen.
- 2.In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.
- 3.All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, and regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation.
- 4.Each party shall, upon request of another party, execute and deliver any document reasonably required to implement any provision hereof.
- 5.Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.

6.This Agreement, with the other Basic Agreements, Preliminary Quebec Interconnection Support Agreement - Phase II, the agreements with Hydro-Quebec regarding Phase II, and the basic agreements covering Phase I shall constitute the entire understanding among the parties and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.

7.Terms defined in the Massachusetts HVDC Support Agreement and the New England Power and Boston Edison AC Support Agreements used in this Equity Funding Agreement shall be incorporated herein as defined in such Agreements unless the context indicates otherwise.

8.This Agreement is the act and obligation of the parties hereto in their corporate or governmental capacity, and any claim hereunder against any shareholder, director, officer, employee, or agent of any party, as such, is expressly waived.

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

Article 32 of the Declaration of Trust of Northeast Utilities dated January 15, 1927, as amended, provides as follows:

No shareholder 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 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 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 or satisfaction thereof. It shall be the duty of the Trustees and each of them and of every officer, agent or representative elected or appointed by them to include in every written agreement entered into by them or any of them as herein provided, a statement of the immunity provided by this article for the Shareholders and for the Trustees as individuals, and neither the Trustees nor any of them nor any officer, agent or representative appointed or elected by them shall have any power or authority to enter into any agreement or incur any obligation as herein provided except in accordance with the provisions of this Article.

In case any Shareholder shall at any time for any reason be held to or be under any personal liability whatever solely by reason of his being or having been a Shareholder and not by reason of his acts or omissions as a Shareholder, then such Shareholder (or his heirs, executors, administrators, or other legal representatives) shall be held harmless and indemnified out of the trust estate from and of all loss, liability or expense by reason of such liability.

<u>Utility</u>	<u>Percentage Interest</u>
Citizens Utilities Company	1.1155
Franklin Electric Light Company	0.0433
Green Mountain Power Corporation	<u>3.1800</u>
	4.3388

Schedule II

Massachusetts Municipal Wholesale Electric Company Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

List of Equity Sponsors

New England Hydro will supply a list of Equity Sponsors as of the date of initial computation and as of each date thereafter that the list changes.

As of February 1, 1988 (1)	
<u>Equity Sponsors</u>	<u>Equity Share (%)</u>
New England Electric System	51.0000
Northeast Utilities	22.4245
Boston Edison	10.9335
Vermont Electric Power (2)	4.3388
Canal Electric	3.3885
Montaup	3.2435
Conn. Municipal Electric Coop.	0.8312
Reading	0.4638
Newport Electric	0.4426

Taunton	0.3547
Chicopee	0.3145
Braintree	0.2995
Peabody	0.2746
Holyoke Gas & Electric	0.2362
Westfield	0.2528
Danvers	0.2393
Shrewsbury	0.1612
Hudson	0.1474
Wakefield	0.1245
Hingham	0.1203
Concord	0.1161
North Attleboro	0.1086
Middleborough	0.1065
West Boylston	0.0509
Groton	<u>0.0265</u>
	100.0000

- (1) Boylston and South Hadley signed the Equity Funding Agreements, but have not qualified as Equity Sponsors.
- (2) VELCo has signed as agent for:

Green Mountain Power	3.1800%
Citizens Utilities	1.1155
Franklin Electric	<u>0.0433</u>
	4.3388%

ATTACHMENT B

Forms of the following documentation:

1. Opinion of Counsel
2. Certificate
3. Incumbency and Signature Certificate
4. Directors' Vote

[Please note - governmental entities may make appropriate modifications to these documents to reflect that they are not corporations.]

[Form of Opinion of Counsel for Each Utility Participant]

New England Hydro-Transmission
Electric Company, Inc.;
New England Hydro Transmission
Corporation; or
New England Power Company

Gentlemen:

This opinion is furnished in connection with the execution and delivery by _____ (the Company) of the following Agreements: _____.

We have acted as counsel to the Company, one of the Utility Participants, in connection with the execution and delivery of the Basic Agreements. We participated in reviewing and/or drafting the Agreements.

As general [special] counsel to the Company, we are generally familiar with its affairs. [If special counsel is giving the opinion, describe relationship to the Company.] We have reviewed the proceedings taken by the Company in connection with its authorization, execution, and delivery of the Agreements and any documentation supplied by the Company thereunder. We have also examined executed counterparts of the Agreements, have made such other investigation, and have examined such other records and documents, and have made such examination of law and satisfied ourselves as to such other matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below.

Based upon and subject to the foregoing and to the further qualifications in this opinion, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of [the jurisdiction of its incorporation], has the corporate power to own its assets and to transact the business in which it is engaged, and is duly qualified as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.
2. The Company has (and in the case of the Agreements at the time of execution and delivery thereof, had) full corporate power, and legal right to execute, deliver and perform the Agreements, and the Company has taken all necessary corporate action to authorize the execution, delivery, and performance by it of the Agreements.
3. The execution, delivery, and performance by the Company of the Agreements do not (a) contravene the Company's [charter documents] or by-laws, (b) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, or award known to us by which the Company is bound, (c) violate any indenture, instrument, or agreement known to us by which the Company is bound, or (d) result in or require the creation or the imposition of any lien pursuant to the provisions of any indenture, instrument, or agreement known to us by which the Company is bound.
4. No authorization, approval, consent, or other action by, and no notice to or filing with, any federal, state, or other governmental authority or regulatory body which has not been obtained or given and is not in full force and effect is required for the valid and lawful execution, delivery, and performance by the Company of the Agreements. [In this connection, to the extent it may be required by law, the approval of the Massachusetts Department of Public Utilities [Connecticut PUC, or other] has been given for the Agreements and the Company's performance thereunder by order(s) dated _____, which remains in full force and effect.]
5. The Agreements have each been duly executed and delivered by the Company and constitute the legal, valid, and binding obligations of the Company enforceable against it in accordance with their respective terms.
6. No action, suit, proceeding, or investigation at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened against or affecting the Company or its property or rights which, if adversely determined, would materially impair the ability of the Company to perform its obligations under the Agreements is known to us.

Our opinion that the Agreements are enforceable, each in accordance with the terms thereof, is qualified to the extent that the enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, and similar laws of general application affecting the rights and remedies of creditors and secured parties, and to the further extent that the availability of the remedies of specific enforcement, injunctive relief, or any other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

Very truly yours,

CERTIFICATE

I, (insert name), the Clerk (or Secretary or other principal recording officer) of (insert name of Utility Participant), a (insert state of organization) (the "Company") do hereby certify that:

- (1) Attached hereto as Exhibit A is a true and correct copy of a vote duly adopted at a meeting of the Board of

Directors of the Company, duly called and held on _____, _____, and that such vote and the authority vested thereby have not been amended or revoked and are still in full force and effect.

- (2) Attached hereto as Exhibit B is a true and correct copy of the Articles of Organization (or other charter documents) of the

Company, as amended and in effect as of the date of this Certificate.

(3) Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company, as amended and in effect as of the date of this Certificate.

(4) The persons (or person) listed on Exhibit D have been duly elected to the offices set forth adjacent to their respective names since the first day of June, 1985, and the signatures adjacent to their respective names are the genuine signatures of said officers.

IN WITNESS WHEREOF, I have placed my hand and the seal of the Company this _____ day of _____, ____.

By _____

Name:

Title:

CONFIRMATION OF INCUMBENCY AND SIGNATURE OF
CLERK, SECRETARY, OR OTHER PRINCIPAL RECORDING OFFICER

I, (name), (title) of the Company, do hereby certify that (name of officer executing certificate) is and at all times subsequent to _____, ____, has been the duly elected (title) of the Company and that the signature adjacent to his (or her) name is the genuine signature of said officer.

By _____

Name:

Title:

FORM OF DIRECTORS' VOTE APPROVING AGREEMENTS

VOTED:

That in connection with this Company's participation in the Phase II expansion of the proposed interconnection between the New England Power Pool companies and Hydro-Quebec, the execution and delivery on behalf of this Company by _____, President, of the following agreements: (being collectively referred to in this vote as "Agreements") copies of which Agreements have been presented at this meeting, are hereby authorized, approved, ratified, and confirmed, and that the officers of this Company are further authorized severally to take any and all such further actions including the execution and delivery of such further documents, as such officers or any of them may deem necessary or appropriate in connection with the actions and documents authorized by this vote.

ATTACHMENT C

Subscription Process for Determining
Equity Shares under Section 5(B)

After allocation of 51% of the Equity Shares to NEES pursuant to Section 5(B)(1), the Equity Shares shall be allocated to Equity Sponsors other than NEES as follows:

- (a) Each other Equity Sponsor shall be entitled to a pro rata share of the remainder based on the Participating Share of such Equity Sponsor or the Participant(s) that has designated it as an Equity Sponsor as a percentage of Participating Shares of all other Equity Sponsors or such Participants as shown in the Massachusetts HVDC Support Agreement. For the purpose of this calculation, the Participating Share of each Equity Sponsor designated by VELCO shall be deemed to be a pro rata share of VELCO's Participating Share based on the ratio of such Equity Sponsor's 1980 kwh load to the aggregate 1980 kwh load of all Equity Sponsors designated by VELCO.

- (b) Upon execution of this Agreement, each other Equity Sponsor may subscribe for more or less than its share under (a) above.
- (c) Upon execution of this Agreement, each other Equity Sponsor may specify a maximum limit on its share of such remainder that would apply to any allocations made on or before June 1, 1986 or such later deadline date as is fixed pursuant to Section 2 hereof.
- (d) If there are no undersubscriptions or oversubscriptions under (b) above or if the sum of the shares under (a) or (b) above for all Equity Sponsors equals 100% of such remaining shares, then each Equity Sponsor shall have a share as determined under (a) or (b) above. (For the purposes of this attachment, oversubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of more than its share under (a) above. For the same purposes, undersubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of less than its share under (a) above. The amount of such oversubscription shall be equal to (b) minus (a) and the amount of such undersubscription shall be equal to (a) minus (b).)
- (e) If there are undersubscriptions but not oversubscriptions or if there are oversubscriptions but no undersubscriptions, then each Equity Sponsor shall have a share as determined under (a) above; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.
- (f) If the net result of subtracting the aggregate amount of all undersubscriptions from the aggregate amount of all oversubscriptions is greater than zero, the aggregate amount of all oversubscriptions must be reduced to the aggregate amount of all undersubscriptions. This amount shall be referred to as the total permitted amount of oversubscriptions. Each oversubscriber shall initially be allocated a share of the total permitted amount of oversubscriptions (pro rata by the Participating Shares of the oversubscribers or their designators as shown in the Massachusetts HVDC Support Agreement); provided that no oversubscriber shall be allocated more than its requested amount under (b) above. Any remaining unallocated portion of the total permitted amount of oversubscriptions shall be allocated to all oversubscribers that have not yet reached their requested amount under (b) above pro rata by the differences between their requested shares under (b) above and their shares as heretofore allocated.
- (g) If the net result of subtracting the aggregate amount of all oversubscriptions from the aggregate amount of all undersubscriptions is greater than zero, the aggregate amount of all undersubscriptions must be reduced to the aggregate amount of all oversubscriptions. This amount shall be referred to as the total permitted amount of undersubscriptions. The total permitted amount of undersubscriptions shall be allocated to the undersubscribers pro rata by the amounts of their undersubscriptions; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.
- (h) If Equity Shares are required to be changed pursuant to subpart (i) or (ii) of Section 5(a), this reallocation shall be accomplished in accordance with this Attachment C on the basis of the subscriptions initially made under (b) and the maximum limits specified under (c) by each continuing Equity Sponsor, and giving effect to the termination of any Equity Sponsor pursuant to said subpart (i) or (ii).

[CONFORMED]

AMENDMENT NO. 1
TO
EQUITY FUNDING AGREEMENT
FOR NEW ENGLAND HYDRO-TRANSMISSION
ELECTRIC COMPANY, INC.

This Amendment, dated as of May 1, 1986, is between New England Hydro-Transmission Electric Company, Inc. (New

England Hydro), and the New England entities that have signed the Equity Funding Agreement for New England Hydro-Transmission Electric Company, Inc., dated as of June 1, 1985 (the "Equity Funding Agreement"), and amends the Equity Funding Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 17C of the Equity Funding Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Equity Funding Agreement are used herein with the meanings there provided.
2. Section 4 is amended as follows:
 - (a) Subsection "D" is re-lettered as Subsection "E".
 - (b) The following paragraph is added as new Subsection "D":

"D. A Participant under the Massachusetts HVDC Support Agreement also qualifies to be an Equity Sponsor if it has an Equity Share of four tenths of one percent (0.4%) or less and it has only one long-term debt rating from any of the three rating agencies referred to in B above and such rating is at least "A3" as of September 1, 1985."

- (c) The following paragraph is added as Subsection "FH":

"F. Notwithstanding any provision of Sections 2, 4(B), and 4(D) to the contrary, if a Participant (i) has only one credit rating and seeks to qualify to be an Equity Sponsor under B above, or (ii) has no credit rating at all and seeks to qualify to be an Equity Sponsor under B or D above, such new credit rating or ratings must be received by July 1, 1986, from one or more of the rating agencies referred to in B above and such new credit rating or ratings shall be current. Such Participant must demonstrate by July 1, 1986, to the satisfaction of New England Hydro that it is qualified to be an Equity Sponsor pursuant to this Section 4. New England Hydro may extend such July 1, 1986, deadline, but any such extension shall be no later than October 1, 1986."

3. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXX
XXXXXXX

Article 32 of the Declaration of Trust of Northeast Utilities dated January 15, 1927, as amended, provides as follows:

No Shareholder 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 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 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 or satisfaction thereof. It shall be the duty of the Trustees and each of them and of every officer, agent or representative elected or appointed by them to include in every written agreement entered into by them or any of them as herein provided, a statement of the immunity provided by this article for the Shareholders and for the Trustees as individuals, and neither the Trustees nor any of them nor any officer, agent or representative appointed or elected by them shall have any power or authority to enter into any agreement or incur any obligation as herein provided except in accordance with the provisions of this Article.

In case any Shareholder shall at any time for any reason be held to or be under any personal liability whatever solely by reason of his being or having been a Shareholder and not by reason of his acts or omissions as a Shareholder, then such Shareholder (or his heirs, executors, administrators, or other legal representatives) shall be held harmless and indemnified out of the trust estate from and of all loss, liability or expense by reason of such liability.

XXXXXXXX

By: _____
Its President

Address: XXXXXXXX
XXXXXXX

The name "New England Electric System" means the trustee or trustees for the time being (as trustee or trustees but not personally) under an agreement and declaration of trust dated January 2, 1926, as amended, which is hereby referred to, and a copy of which as amended has been filed with the Secretary of the Commonwealth of Massachusetts. Any agreement, obligation or liability made, entered into or incurred by or on behalf of New England Electric System binds only its trust estate, and no shareholder, director, trustee, officer or agent thereof assumes or shall be held to any liability therefor.

XXXXXXX

By: _____
Its President

Address: XXXXXXX
XXXXXXX

[CONFORMED]

AMENDMENT No. 2
TO
EQUITY FUNDING AGREEMENT
FOR NEW ENGLAND HYDRO-TRANSMISSION
ELECTRIC COMPANY, INC.

This Amendment, dated as of September 1, 1987, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro), and the New England entities that have signed the Equity Funding Agreement for New England Hydro-Transmission Electric Company, Inc., dated as of June 1, 1985 as amended by Amendment No. 1 dated as of May 1, 1986 (the "Equity Funding Agreement"), and amends the Equity Funding Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 17C of the Equity Funding Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Equity Funding Agreement are used herein with the meanings there provided.
2. Section 7A is hereby amended by inserting in the first sentence of the first paragraph after the words "best efforts" the following: "(subject to an exception specified in the Massachusetts HVDC Support Agreement)".
3. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

XXXXXXX

By: _____
Its President

Address: XXXXXXX
XXXXXXX

The name "New England Electric System" means the trustee or trustees for the time being (as trustee or trustees but not personally)

under an agreement and declaration of trust dated January 2, 1926, as amended, which is hereby referred to, and a copy of which as amended has been filed with the Secretary of the Commonwealth of Massachusetts. Any agreement, obligation or liability made, entered into or incurred by or on behalf of New England Electric System binds only its trust estate, and no shareholder, director, trustee, officer or agent thereof assumes or shall be held to any liability therefor.

XXXXXXXXXX

By: _____
Its President

Address: XXXXXXXX
XXXXXXXXXX

CONFORMED

AMENDMENT NO. 3
TO
EQUITY FUNDING AGREEMENT
FOR NEW ENGLAND HYDRO-TRANSMISSION
ELECTRIC COMPANY, INC.

This Amendment, dated as of August 1, 1988, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro), and the New England entities that have signed the Equity Funding Agreement for New England Hydro-Transmission Electric Company, Inc. dated as of June 1, 1985 as amended (the “Equity Funding Agreement”), and amends the Equity Funding Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 16C of the Equity Funding Agreement, it is hereby agreed as follows:

- 1. Certain terms defined in the Equity Funding Agreement are used herein with the meanings therein provided.
- 2. Section 2 is hereby amended by making the following modifications:

In Paragraph:	Delete:	Insert in lieu thereof:
1	“December 30, 1985”	“February 1, 1988”
2	“June 1, 1986”	“September 15, 1988”
3	“March 1, 1986” (both occurrences)	“September 1, 1988” (both occurrences)
3	“June 1, 1986”	“September 15, 1988”
6	“Section”	“Agreement”

- 3. Section 4F is hereby amended by deleting the last sentence thereof and by deleting the two references to “July 1, 1986” and inserting in lieu thereof “February 1, 1988.”

4. Section 5A is hereby amended by (i) deleting the reference to “December 30, 1985” and inserting in lieu thereof “February 1, 1988”, and (ii) deleting the reference to “June 1, 1986” and inserting in lieu thereof “September 15, 1988.”
5. Section 5B is hereby amended by deleting the reference to “June 1, 1986” and inserting in lieu thereof “September 15, 1988.”
6. Section 5B is hereby further amended by adding at the end of Section 5B the following:

“After the initial computation and prior to the Effective Date, each Equity Sponsor may transfer any or all of its Equity Share to one or more other Equity Sponsors. On or before September 1, 1988, any such Equity Sponsor which has transferred or intends to transfer any or all of its Equity Share to one or more other Equity Sponsors, must provide documentation to New England Hydro covering the transfer. Any apportionment of Equity Shares pursuant to Section 5B(2) above shall be made without regard to (i) any transfers of Participating Shares pursuant to Section 4 of the Massachusetts HVDC Support Agreement or (ii) any transfers of Equity Shares made after the initial computation and prior to the Effective Date, provided that each Equity Sponsor which has agreed to take such transferred Equity Share has provided the required Documentation by September 15, 1988 (including Documentation covering any such transferred Equity Share). Any transfers of Equity Shares, as provided above, shall be taken into account after such apportionment.

Upon execution of this Agreement, MMWEC may receive any such transferred Equity Shares; however, MMWEC shall not be included as an Equity Sponsor in any computations pursuant to the first paragraph of this Section 5B.”

7. Section 5C is hereby amended by deleting the references to “June 1, 1986” and inserting in lieu thereof “September 15, 1988.”
8. Section 7G is hereby amended by deleting the reference to “December 31, 1985” and inserting in lieu thereof “September 1, 1988.”
9. Section 13 is hereby amended by inserting therein after the words “sections 4B or 4C” the following:

“or 4D or 4F”
10. Section 17A is hereby amended by adding to the beginning of the second sentence thereof the following:

“Except for a transfer of any or all of an Equity Sponsor’s Equity Share prior to the Effective Date as provided in Section 5B hereof,”
11. The attached Schedule II is hereby made a part of the Equity Funding Agreement.

12. Attachment A to the Equity Funding Agreement is hereby deleted and replaced with the attached Attachment A.
13. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

XXXXXXXX

By: _____
Its President

Address: XXXXXXXX
XXXXXXXX

Schedule II

Massachusetts Municipal Wholesale Electric Company
Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

List of Equity Sponsors

New England Hydro will supply a list of Equity Sponsors as of the date of initial computation and as of each date thereafter that the list changes.

As of February 1, 1988 (1)

Equity Sponsors

Equity Share (%)

New England Electric System	51.0000
Northeast Utilities	22.4245
Boston Edison	10.9335
Vermont Electric Power (2)	4.3388
Canal Electric	3.3885
Montaup	3.2435
Conn. Municipal Electric Coop.	0.8312
Reading	0.4638
Newport Electric	0.4426
Taunton	0.3547
Chicopee	0.3145
Braintree	0.2995
Peabody	0.2746
Holyoke Gas & Electric	0.2362
Westfield	0.2528
Danvers	0.2393
Shrewsbury	0.1612
Hudson	0.1474
Wakefield	0.1245
Hingham	0.1203
Concord	0.1161
North Attleboro	0.1086
Middleborough	0.1065
West Boylston	0.0509
Groton	<u>0.0265</u>
	100.0000

(1) Boylston and South Hadley signed the Equity Funding Agreements, but have not qualified as Equity Sponsors.

(2) VELCo has signed as agent for:

Green Mountain Power	3.1800%
Citizens Utilities	1.1155
Franklin Electric	<u>0.0433</u>
	4.3388%

(COMPOSITE CONFORMED COPY - as amended)

Amendment No. 1-May 1, 1986

Amendment No. 2-September 1, 1987

Amendment No. 3-August 1, 1988

EQUITY FUNDING AGREEMENT

FOR

NEW ENGLAND HYDRO-TRANSMISSION CORPORATION

DATED AS OF JUNE 1, 1985

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EQUITY FUNDING AGREEMENT
FOR
NEW ENGLAND HYDRO-TRANSMISSION CORPORATION

This AGREEMENT dated as of June 1, 1985, is between New England Hydro-Transm
ission Corporation (New Hampshire Hydro) and the New England entities listed in Attachment A hereto. Those New England
entities that have executed this Agreement and that meet the further conditions for participation and qualification hereunder are
hereinafter referred to as Equity Sponsors or individually as an Equity Sponsor. The Equity Sponsors are sometimes referred to
collectively herein, but their rights and obligations hereunder are several and not joint as described in Section 6 hereof.

In consideration of the premises, the concurrent execution of the other Basic Agreements hereinafter referred to, the mutual
covenants hereinafter and therein set forth, and other good and valuable consideration, receipt whereof is hereby acknowledged, it is
hereby agreed as follows:

Section 1. Basic Understandings and Purpose

New England utilities are currently participating in the arrangements for the Phase I interconnection planned by the New England Power Pool (NEPOOL) with Hydro-Quebec, which is to consist of a ± 450 kV HVDC transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a substation at the Comerford Generating Station on the Connecticut River (hereinafter referred to as Phase I). The basic arrangements covering the portion of Phase I in the United States are set forth in the New England Power Pool Agreement, as amended (the NEPOOL Agreement) and three contracts among the participants in Phase I as follows:

1. Vermont Transmission Line Support Agreement, dated as of December 1, 1981, as amended, with Vermont Electric Transmission Company, Inc.
2. Phase I Terminal Facilities Support Agreement, dated as of December 1, 1981, as amended, with New England Electric Transmission Corporation, and
3. Agreement With Respect To Use Of Quebec Interconnection, dated as of December 1, 1981, as amended, including the restatement thereof in connection with Phase II (this Agreement as restated to cover Phase II is hereinafter referred to as the Use Agreement).

These Phase I interconnection facilities are currently under construction with completion scheduled during 1986.

With the completion of arrangements for Phase I and the related contracts with Hydro-Quebec, the members of NEPOOL have conducted studies of the benefits of an expanded

interconnection for NEPOOL with Hydro-Quebec (Phase II) and have negotiated with Hydro-Quebec a firm energy arrangement to utilize the expanded interconnection facilities.

The portion of Phase II in the United States will consist of an extension of the Phase I DC transmission line from the proposed terminus of Phase I at the Comerford Station through New Hampshire to a site in Massachusetts with additional terminal facilities installed at that site to increase the total transfer capacity between Hydro Quebec and NEPOOL from the 690 MW of Phase I to approximately 2000 MW. Reinforcements to the existing AC transmission system of New England Power and to certain AC facilities of Boston Edison Company will also be required. The United States portion of the Phase II facilities will be designated as pool-planned facilities in the same manner as the United States portion of the Phase I facilities was so designated.

Each Equity Sponsor acknowledges that it has been represented on the Executive and Planning Committees of NEPOOL that had responsibility for evaluating the feasibility of Phase II and, through this representation, actively participated in the decision of NEPOOL to go forward with Phase II. Furthermore, each Equity Sponsor represents that it made its own independent investigations and inquiries as it deemed appropriate and did not rely upon representations (other than those contained in this Agreement) of New Hampshire Hydro or its affiliates in deciding to enter into this Agreement.

The sharing of benefits among the New England utilities associated with Phase II is set forth in the Use Agreement. The Use Agreement also permits each New England utility to make its own entitlement transactions with Hydro Quebec and to use the interconnection for such transactions.

The provisions of the Phase II Massachusetts Transmission Facilities Support Agreement (Massachusetts HVDC Support Agreement) cover the Phase II Massachusetts HVDC transmission line and terminal facilities in Massachusetts. New England Hydro-Transmission Electric Company, Inc. (New England Hydro) will build, own, operate, and maintain those Massachusetts HVDC transmission facilities.

The portion of the Phase II HVDC transmission line to be constructed in New Hampshire is covered under the Phase II New Hampshire Transmission Facilities Support Agreement (New Hampshire HVDC Support Agreement). New Hampshire Hydro will build, own, operate, and maintain those New Hampshire HVDC transmission facilities.

All improvements and reinforcements to the AC transmission system in Massachusetts necessitated by Phase II are covered under the Phase II New England Power AC Facilities Support Agreement (New England Power AC Support Agreement) and the Phase II Boston Edison AC Facilities Support Agreement (Boston Edison AC Support Agreement).

The provisions of this Agreement cover the commitments of the Equity Sponsors of New Hampshire Hydro to contribute equity funds to New Hampshire Hydro, to provide certain limited credit support in connection with debt financing of New Hampshire Hydro, and to accept an allocation of a share of Phase II in the event of a default by certain participating New England utilities under certain other Basic Agreements.

In view of the need to formalize the agreements among the parties at an early date so that (i) binding commitments with Hydro Quebec for Phase II may be made, (ii) binding commitments for ultimate construction and the financing of the United States portion of Phase II may be undertaken consistent with the time schedule anticipated by NEPOOL and with the assurance that commitments among the New England utilities are in place, and (iii) licensing

activities may proceed on a schedule that enables completion of such construction consistent with the time schedule anticipated by NEPOOL, the following agreements are concurrently being entered into (the “Basic Agreements”) which collectively set forth rights and obligations with respect to the foregoing undertaking: (1) this Agreement; (2) the Massachusetts HVDC Support Agreement; (3) the New Hampshire HVDC Support Agreement; (4) the Equity Funding Agreement for New England Hydro; (5) the New England Power AC Support Agreement; (6) the Use Agreement; (7) various amendments to the NEPOOL Agreement relating to the sharing of savings, capability responsibilities, and Pool transmission arrangements; and (8) the Boston Edison AC Support Agreement.

In order to coordinate each participating utility’s interest in Phase II to the fullest extent possible, each of the following Basic Agreements have been drafted with the intent that the participating interest of each participating utility will be the same under each agreement: the Massachusetts HVDC Support Agreement, the New Hampshire HVDC Support Agreement, the New England Power AC Support Agreement, the Boston Edison AC Support Agreement, and the Use Agreement. These Basic Agreements also provide that, notwithstanding any provision thereof that may be interpreted to the contrary, the proper interpretation of each of these Basic Agreements is to be consistent with such overriding intent. Each Equity Sponsor acknowledges this overriding intent and agrees that any action by it or its appointee affecting such participating interests shall be the same under this Agreement and the Equity Funding Agreement with New England Hydro in order to also be consistent with such overriding intent.

Section 2. Conditions Precedent to Effectiveness

The effectiveness of this Agreement, and all rights, obligations, and performance of the signatories hereunder, is subject to (i) New England Electric System (NEES) and other

signatories having executed this Agreement committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, and each such signatory having demonstrated by February 1, 1988, to the satisfaction of New Hampshire Hydro that it is qualified to be an Equity Sponsor pursuant to Section 4, (ii) New England Hydro or New Hampshire Hydro or New England Power or Boston Edison and members of NEPOOL (including Boston Edison and New England Power) serving at least 66-2/3% of the aggregate kilowatthour load served by NEPOOL members in 1980 having executed the other Basic Agreements (except for the Equity Funding Agreement for New England Hydro and the amendments to the NEPOOL Agreement), (iii) each signatory having also executed the Equity Funding Agreement for New England Hydro and having the same percentage of New England Hydro's equity as its Equity Share hereunder, (iv) members of NEPOOL having executed the amendments to the NEPOOL Agreement for Phase II in order that such amendments may become effective in accordance with the NEPOOL Agreement, and (v) each signatory having satisfied the conditions precedent set forth below.

By September 15, 1988, each signatory to this Agreement shall provide certificates and legal opinions from counsel satisfactory to New Hampshire Hydro, together with certified copies of related resolutions, consents, approvals, authorizations, and other documents (Documentation) necessary to establish to the satisfaction of New Hampshire Hydro that all corporate and regulatory consents, waivers, approvals, authorizations and other actions necessary in connection with performance by such signatory of its obligations under the Agreement have been obtained and are in full force and effect, that the Agreement has been duly authorized, executed, and delivered by such signatory, and that it constitutes a binding commitment by the signatory enforceable in accordance with its terms. Forms of Documentation acceptable to New Hampshire Hydro are included in Attachment B hereto. Prior to signing this Agreement, each

signatory has provided to New Hampshire Hydro a listing of all consents, waivers, approvals, authorizations, and other actions required for that signatory to deliver its Documentation.

Vermont Electric Power Company, Inc. (VELCO) and Massachusetts Municipal Wholesale Electric Company (MMWEC) represent qualified signed on Schedules and MMWEC contracts a number of electric systems. If they desire and are to be Equity Sponsors, they shall be deemed to have behalf of those respective systems listed in I or II, respectively. By September 1, 1988, VELCO will provide New Hampshire Hydro with copies of with their respective systems which impose absolute and unconditional obligations on such systems to pay their proportionate shares of all costs or obligation incurred under this Agreement by VELCO or MMWEC, respectively. By that date, VELCO and MMWEC will also provide to New Hampshire Hydro as part of their Documentation certificates, legal opinions (from counsel satisfactory to New Hampshire Hydro), and other documents in form and substance satisfactory to New Hampshire Hydro representing unconditionally that all consents, approvals, and authorizations have been obtained by their contracting systems in connection with each such system's performance of its obligations under its respective contract with VELCO or MMWEC and that each such contract imposes absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively, and has been duly authorized, executed, and delivered and is a binding commitment of such system enforceable in accordance with its terms. If regulatory approvals have not been obtained by September 1, 1988, such representations shall be conditioned upon receipt of regulatory approvals. VELCO and MMWEC will have until September 15, 1988, to receive such approvals and make such representations unconditionally. In order that percentages of participation be consistent among the Basic Agreements, VELCO and MMWEC shall have

their contracts with their contracting systems cover the necessary commitments for each Basic Agreement.

All expenses in connection with obtaining and delivering any Documentation under this Agreement, including legal opinions, are to be borne by the signatory incurring such expense. New Hampshire Hydro will have no responsibility for any expenses incurred by VELCO and MMWEC in providing Documentation for their respective contracting systems.

Any signatory that fails to meet the requirements of Section 2 by the deadlines contained herein will not be an Equity Sponsor under this Agreement and will not have any rights and obligations hereunder.

New Hampshire Hydro by written notice to all signatories may extend any deadline date specified in this Agreement to a later date, provided that any extension for longer than six months requires the consent of the Advisory Committee under the New Hampshire HVDC Support Agreement.

Section 3. Effective Date and Term

This Agreement shall become effective (the Effective Date) upon the last to occur of the following dates:

- (i) the date that the Equity Sponsors, committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, have met the requirements of Section 2; and
- (ii) the date that the last of the other Basic Agreements (excluding the Use Agreement) becomes effective or would become effective but for a condition that its effectiveness is subject to this Agreement becoming effective.

Upon execution and delivery of the Agreement by New Hampshire Hydro and NEES and other signatories committing in the aggregate to Equity Shares (as hereinafter defined) equal to no less than 100%, and notwithstanding any provision herein to the contrary, no signatory may terminate its obligations hereunder except in accordance with provisions of this Agreement.

The term of this Agreement shall expire on the termination date of the New Hampshire HVDC Support Agreement.

Section 4. Equity Sponsor Qualification

A. In order to enhance New Hampshire Hydro's ability to finance its portion of Phase II as required under the New Hampshire HVDC Support Agreement and to enhance the credit support of certain Supporters under the AC Support Agreement, some or all of the New England utilities participating in Phase II whose credit ratings are at least one grade above the lowest investment grade have agreed to provide, or to cause their designees to provide, credit support for those New England utilities participating in Phase II whose credit ratings are below investment grade. NEES and those New England utilities or their designees which have agreed to provide this credit support are the Equity Sponsors of New Hampshire Hydro under this Agreement.

B. A Participant under the New Hampshire HVDC Support Agreement or its authorized designee qualifies to be an Equity Sponsor by having its outstanding long-term debentures rated at least one grade above the lowest investment grade rating as of September 1, 1985. If no long-term debentures are outstanding, the ratings used shall be those of such company's most junior long-term mortgage or revenue bonds. If no mortgage bonds, revenue bonds, or debentures are outstanding, the ratings used shall be those of the most junior long-term

debt. VELCO shall qualify to be an Equity Sponsor if 80% or more of its common stock is owned by utilities whose debt securities qualify pursuant to this subsection 4(B).

For purposes of this Agreement, “one grade above the lowest investment grade rating” means a rating equal to the following ratings from two of these rating agencies: Standard and Poor’s Corporation - Rating BBB; Moodys Investor Service - Rating Baa2; and Duff & Phelps - Rating D&P 9 (or the equivalent municipal ratings).

C. A “designee” shall be authorized to be an Equity Sponsor if it is a parent company of such Participant and (i) its debt securities meet the appropriate test specified in B above, or (ii) at least 80% of its consolidated utility revenues are derived from subsidiaries whose debt securities meet the appropriate test specified in B above. (For VELCO, each stockholder of VELCO shall be a parent company of VELCO.) On or before the date of execution of this Agreement, each Participant shall identify its designee, if any.

D. A Participant under the New Hampshire HVDC Support Agreement also qualifies to be an Equity Sponsor if it has an Equity Share of four tenths of one percent (0.4%) or less and it has only one long-term debt rating from any of the three rating agencies referred to in B above and such rating is at least “A3” as of September 1, 1985.

E. In order that the necessary credit enhancement is provided as specified in A above, the qualification of each Equity Sponsor shall be reviewed by New Hampshire Hydro as of the date that the first equity contributions are to be made by such Equity Sponsor. If an Equity Sponsor fails to qualify on such date, appropriate actions and allocations shall be instituted as provided elsewhere in this Agreement.

F. Notwithstanding any provision of Sections 2, 4(B), and 4(D) to the contrary, if a Participant (i) has only one credit rating and seeks to qualify to be an Equity Sponsor under B

above, or (ii) has no credit rating at all and seeks to qualify to be an Equity Sponsor under B or D above, such new credit rating or ratings must be received by February 1, 1988, from one or more of the rating agencies referred to in B above and such new credit rating or ratings shall be current. Such Participants must demonstrate by February 1, 1988, to the satisfaction of New Hampshire Hydro that it is qualified to be an Equity Sponsor pursuant to this Section 4.

Section 5. Equity Shares

A. Each Equity Sponsor shall have and be charged with a percentage interest in all rights and obligations hereunder determined in accordance with this Section 5 (which interest is hereinafter referred to as its "Equity Share"). All of the equity of New Hampshire Hydro will be owned by the Equity Sponsors in proportion to their Equity Shares.

The Equity Share of each Equity Sponsor shall be computed both initially and as changed from time to time in accordance with the terms hereof, by New England Hydro as hereinafter provided. Such computations shall be made as of the first day of any month in which there is a change in the number of Equity Sponsors or any change in the interest of any Equity Sponsor as herein provided. The initial computation is to be made as of September 15, 1985, and subsequent computations are to be made in any month thereafter in which an interest is modified or terminated due (i) to the failure of a signatory to provide proof that it is qualified to be an Equity Sponsor by February 1, 1988, or (ii) to the failure to provide Documentation by September 15, 1988, or (iii) to the failure to be so qualified on the date the first equity contributions are to be made by such Equity Sponsor, or (iv) to the operation of any provision of this Agreement. All computations shall be final unless there is a manifest error. Such computations of Equity Sponsors' Equity Shares as initially calculated and as changed under (i) and (ii) shall be made pursuant to Attachment C. Changes under (iii) shall be made pursuant to

section 5(C) below, and changes under (iv) shall be made pursuant to the appropriate section requiring the change.

B. The Equity Shares on and as of the initial computation date, and as of the date of subsequent computations under subparts (i) and (ii) of the second paragraph of A above, will be calculated as follows:

1.51% to NEES; and

2.49% apportioned among the other Equity Sponsors on the basis of the subscription process as described in

Attachment C.

(Attachment C provides that each Equity Sponsor may specify a maximum percentage of equity and that such maximum shall remain in effect until September 15, 1988 or such later deadline if extended pursuant to Section 2 hereof.) After the initial computation and prior to the Effective Date, each Equity Sponsor may transfer any or all of its Equity Share to one or more other Equity Sponsors. On or before September 1, 1988, any such Equity Sponsor which has transferred or intends to transfer any or all of its Equity Share to one or more other Equity Sponsors, must provide documentation to New Hampshire Hydro covering the transfer. Any apportionment of Equity Shares pursuant to Section 5B(2) above shall be made without regard to (i) any transfers of Participating Shares pursuant to Section 4 of the New Hampshire HVDC Support Agreement or (ii) any transfers of Equity Shares made after the initial computation and prior to the Effective Date, provided that each Equity Sponsor which has agreed to take such transferred Equity Share has provided the required Documentation by September 15, 1988 (including Documentation covering any such transferred Equity Share). Any transfers of Equity Shares, as provided above, shall be taken into account after such apportionment.

Upon execution of this Agreement, MMWEC may receive any such transferred Equity Shares; however, MMWEC shall not be included as an Equity Sponsor in any computations pursuant to the first paragraph of this Section 56.

C. On the basis of New Hampshire Hydro's review of the qualifications of each Equity Sponsor other than NEES as of the date that the first equity contributions are to be made by such Equity Sponsor, if one or more Equity Sponsors are no longer qualified under Section 4, (i) the aggregate Equity Shares of such unqualified Equity Sponsors shall first be offered in writing by New Hampshire Hydro to all then qualified Equity Sponsors other than NEES for voluntary subscription, (ii) second, any remaining shortfall shall be allocated pro rata among such qualified Equity Sponsors not including NEES in proportion to their Equity Shares determined as of June 1, 1986, provided that the aggregate of all involuntary allocations under this Section 4(C) to such qualified Equity Sponsors shall not exceed an aggregate Equity Share of 10%, and further provided that the aggregate of all such involuntary allocations to any such Equity Sponsor shall not increase such Equity Sponsor's Equity Share determined as of September 15, 1988, by more than 25% thereof, and (iii) finally, any remaining shortfalls shall be retained pro rata by such no longer qualified Equity Sponsors in proportion to their Equity Shares determined as of September 15, 1988; provided, however, that NEES and all qualified Equity Sponsors may agree to other allocation arrangements; and further provided that NEES shall not have an Equity Share of less than 51% unless it so consents. (The above deadlines of September 15, 1988, may be extended to a later deadline pursuant to Section 2 hereof.)

All offerings above shall be made in accordance with a voluntary subscription process as specified in New Hampshire Hydro's offering letter, and any oversubscriptions will be treated as provided therein.

Section 6. Relationship among Equity Sponsors

The rights and obligations of the Equity Sponsors hereunder are several, in accordance with their respective Equity Shares, and not joint. The rights and obligations of New Hampshire Hydro hereunder are also several and not joint with those of the Equity Sponsors or any one thereof. There is no intention to create by this Agreement, or by any grant, lease, license, or activity related hereto, an association, joint venture, trust, or partnership or to impose on New Hampshire Hydro or any Equity Sponsor trust or partnership rights or obligations; and any such implied intention is expressly negated. Except as expressly provided in this Agreement, no Equity Sponsor shall have by virtue of this Agreement or of any such grant, lease, license, or activity the right or power to bind any other Equity Sponsor without its express written consent.

Section 7. Equity Contribution

A. Under the New Hampshire HVDC Support Agreement, New Hampshire Hydro has agreed to limit its equity investment to a maximum of 40% of its total capital as of the effective date of that agreement and has agreed to use its best efforts (subject to an exception specified in the New Hampshire HVDC Support Agreement) to continue to limit its equity investment to 40% of its total capital during the time that New Hampshire Hydro has outstanding debt in its capital structure.

New Hampshire Hydro may call from time to time by written notification upon the Equity Sponsors to contribute equity in any of the forms set forth in this Section up to a maximum aggregate amount of \$140 million, provided that Equity Sponsors having 66-2/3% of Equity Shares may agree to increase this maximum aggregate amount; and then all Equity Sponsors shall contribute such requested amount with each Equity Sponsor contributing up to its Equity Share of the new maximum. Any contribution made in response to New Hampshire

Hydro's call in excess of the maximum aggregate amount, as adjusted from time to time, may be made on a voluntary basis by any contributing Equity Sponsor, and New Hampshire Hydro will make an appropriate adjustment in Equity Shares.

B. During the term of this Agreement, New Hampshire Hydro has the option from time to time to call for contribution of equity in any of the following forms:

1. New Hampshire Hydro may offer shares of its common stock to its Equity Sponsors and each Equity Sponsor shall subscribe for and purchase, for cash at a price set by New Hampshire Hydro, its Equity Share of the common stock so offered.
2. After each Equity Sponsor owns common stock of New Hampshire Hydro, New Hampshire Hydro may request that capital contributions be made, and each Equity Sponsor shall contribute to New Hampshire Hydro its Equity Share of the total capital contribution so requested.

C. In order that New Hampshire Hydro may limit its equity investment to a maximum of 40% of its total capital, New Hampshire Hydro may, at its option, from time to time, take any of the following actions:

1. New Hampshire Hydro may repurchase for cash its common stock from Equity Sponsors in amounts that will not change the relative Equity Shares among Equity Sponsors and at a price per share equal to book value per share at the time of repurchase. Each Equity Sponsor shall sell such common stock to New Hampshire Hydro in the full amount so requested.
2. New Hampshire Hydro may return any capital contribution previously received from Equity Sponsors in amounts that will not change the relative

Equity Shares among Equity Sponsors. Each Equity Sponsor shall accept such return of capital contribution in the full amount so returned.

3. New England Hydro may pay dividends out of earnings or make liquidating dividends to the Equity Sponsors.

D. New Hampshire Hydro shall give written notice of any call for contributions of equity under B above to each Equity Sponsor. Such notice shall specify the amount to be contributed, the form of the contribution, and a date, at least thirty days after the date of the notice, that the equity is to be contributed. New Hampshire Hydro will provide annually estimates of its equity requirements and estimated dates when any equity contributions hereunder will be due. New Hampshire Hydro shall give written notice of any action to reduce its equity under C above to each Equity Sponsor. Such notice shall specify the amount and form of the reduction and a date, at least fifteen days after the date of the notice, that the reduction in equity is to occur.

E. New Hampshire Hydro shall use the proceeds of any equity contribution under this Agreement for the sole purpose of meeting its capital requirements under the New Hampshire HVDC Support Agreement.

F. All transactions under B, up to a maximum aggregate amount of \$90 million, and under C above shall be subject to receipt of all necessary regulatory approvals, and New Hampshire Hydro and the Equity Sponsors shall use their best efforts to obtain, or to assist in obtaining, these approvals in advance of the Effective Date.

G. New Hampshire Hydro shall have two classes of common stock, both of which will have the same preferences, qualifications, special or relative rights or privileges except that only one class shall have voting powers. Equity Shares allocated to NEES shall be evidenced by

voting common stock. The Equity Shares allocated to each other Equity Sponsor shall, at the option of such Equity Sponsor, be evidenced by shares of voting common stock or non-voting common stock. Any reallocation of Equity Shares pursuant to Section 5 hereof shall be effected in such manner as to involve the issuance of additional common stock to each Equity Sponsor of the class then held by such Sponsor. Such election to take voting or non-voting stock shall be made in writing to New Hampshire Hydro by September 1, 1988.

H. Notwithstanding any provision of this Agreement to the contrary, prior to the date that New Hampshire Hydro first calls for equity contributions from all Equity Sponsors, all equity of New Hampshire Hydro will be owned and contributed by NEES.

Section 8. Cash Deficiency Guarantee

A. The New Hampshire HVDC Support Agreement provides that, if New Hampshire Hydro has, on any Due Date, a Cash Deficiency attributed to a Participant, the Participant absolutely and unconditionally guarantees to pay its Cash Deficiency on demand of Lenders. (This commitment is made in section 19 of that Agreement.) To provide further credit support to New Hampshire Hydro, each Equity Sponsor absolutely and unconditionally guarantees to pay its then Equity Share of the Cash Deficiency attributed to any Credit Enhanced Participant (as defined in the New Hampshire HVDC Support Agreement) with respect to any third party debt financing of New Hampshire Hydro that was credit enhanced for such Participant, with such amounts to be paid directly on demand to Lenders, in cash, if for any reason a Credit Enhanced Participant fails to pay when due its Cash Deficiency on demand of Lenders. Each Equity Sponsor agrees that its obligations under this Section shall be continuing, absolute, and unconditional and without the benefit of any defense, claim, set-off, recoupment, abatement, or other right, existing or future, which an Equity Sponsor may have against the Lenders, New

Hampshire Hydro, or any other person, and shall remain in full force and effect until all of the obligations of New Hampshire Hydro to the Lenders have been discharged.

Each Equity Sponsor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of any Lender or New Hampshire Hydro or any other Equity Sponsor, protest or notice with respect to this guarantee, and covenants that the obligations contained in this guarantee will not be discharged except by complete performance of the obligations of New Hampshire Hydro to the Lenders.

B. Notwithstanding any other provision contained herein, each Equity Sponsor's obligations under this Section 8 shall be limited to its Equity Share of the Cash Deficiency attributed to any Credit Enhanced Participant with respect to any financing of New Hampshire Hydro that was credit enhanced for such Participant.

C. In no event shall the several guarantees of the Equity Sponsors attributable to Credit Enhanced Participants for each debt financing of New Hampshire Hydro exceed in the aggregate 35% of the aggregate amount of the obligations relating to such financing, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such 35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

D. In no event shall Equity Sponsors be required to provide guarantees for a Participant with respect to a particular third party debt financing of New Hampshire Hydro if that would result in Credit Enhanced Participants with respect to that and all other outstanding financings of New England Hydro and New Hampshire Hydro having Participating Shares exceeding 35% under the New Hampshire HVDC Support Agreement, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such

35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

E. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for the several guarantees made in this Section.

Section 9. Acceptance of Participating Shares

A. In accordance with section 15 of the New Hampshire HVDC Support Agreement, if a Participant that is a Credit Enhanced Participant is terminated by New Hampshire Hydro as a Participant, each Equity Sponsor or its appointee shall be allocated by New Hampshire Hydro its then Equity Share of the Participating Share of such terminated Participant; such allocation to be made as of the date of such termination. Each Equity Sponsor or its appointee shall accept such allocation from New Hampshire Hydro and shall unconditionally and absolutely assume the rights and obligations associated therewith from the date of such allocation. If a Participant that was not also a Credit Enhanced Participant is terminated, then acceptance of any allocation shall be voluntary by any Equity Sponsor or its appointee and shall be in accordance with New Hampshire Hydro's offer thereof. If required by New Hampshire Hydro, any Equity Sponsor or its appointee assuming rights and obligations under the New Hampshire HVDC Support Agreement shall execute and deliver any documents necessary to effectuate such assumption. If any Equity Sponsor that is the designee of a Participant is unable to deliver these documents to effectuate the assumption, such Equity Sponsor shall take all actions necessary for the Participant that so designated it as an Equity Sponsor to assume such rights and obligations as its appointee.

The appointee of NEES shall be New England Power Company. The appointee(s) of any other Equity Sponsor shall be the Participant(s) for which such Equity Sponsor was acting as a

designee. Each Equity Sponsor agrees that if its appointee is allocated a Participating Share under the New Hampshire HVDC Support Agreement, such Equity Sponsor shall also allocate to it an equal participating share and support share under the Massachusetts HVDC Support Agreement and New England Power and Boston Edison AC Support Agreements, respectively.

B. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for performance of its or its appointee's commitments made in this Section.

Section 10. Character of Payment Obligations

The obligations of each Equity Sponsor to make payments hereunder, and to perform and observe all other agreements on its part contained herein, are absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any insolvency, composition, bankruptcy, reorganization, arrangement, liquidation or similar proceedings relating to New Hampshire Hydro, New England Power Company, Boston Edison Company, the Equity Sponsor, any other Equity Sponsor, or any affiliate thereof, (ii) any invalidity or unenforceability or disaffirmance by New Hampshire Hydro or any Equity Sponsor of any provision of this Agreement or any failure, omission, delay, or inability of New Hampshire Hydro to perform any of its obligations contained herein, (iii) any amendment, extension, or other change of, or any assignment or encumbrance of any rights or obligations under, this Agreement, or any waiver or other action or inaction, or any exercise or nonexercise of any right or remedy, under or in respect to this Agreement, or (iv) any inability of the Equity Sponsor or any other Equity Sponsor to obtain regulatory approvals for financing its Equity Share of any obligations under this Agreement or for meeting any other obligations under this Agreement, it being the intention of the parties hereto that all amounts payable by each Equity Sponsor in respect of this

Agreement shall begin to be payable and shall continue to be payable in all events in the manner and at the time herein provided. In that connection, each Equity Sponsor hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, or surrender any of its obligations under this Agreement.

Section 11. Default

A. Any of the following events (Events of Default) that occur and are continuing are Events of Default:

- (i) An Equity Sponsor shall fail to pay to New Hampshire Hydro when due any amount which it has agreed to pay under any provision of this Agreement, and such failure shall continue for more than 15 days after written notice thereof has been given to such Equity Sponsor by New Hampshire Hydro; or
- (ii) An Equity Sponsor shall fail to supply in accordance with the terms hereof any documentation required, by New Hampshire Hydro in connection with financing with Lenders by New Hampshire Hydro (for VELCO and MMWEC, this includes documentation for their respective contracting electric systems), and such failure shall continue for more than 30 days after written notice of such failure has been given to such Equity Sponsor by New Hampshire Hydro; or
- (iii) An Equity Sponsor shall fail to perform any other obligation under this Agreement in accordance with the terms hereof, and such failure shall continue for more than 30 days after written notice thereof has been

given to such Equity Sponsor or any of its affiliates by New Hampshire Hydro.

(iv) An Equity Sponsor shall experience an event of default under the Equity Funding Agreement for New England Hydro.

B. If an Event of Default under Section 12A(i) above shall have occurred, New Hampshire Hydro may, by written notice to each Equity Sponsor, request that the nondefaulting Equity Sponsors on a voluntary basis make the overdue payment to New England Hydro, provided that similar voluntary payments are made under the Equity Funding Agreement for New Hampshire Hydro.

C. New Hampshire Hydro or any Equity Sponsor shall be free to invoke such remedies at law or in equity as may be deemed appropriate against any Equity Sponsor that defaults under this Agreement.

Section 12. Restrictions on Transfer of Common Stock

Each Equity Sponsor agrees that it will not transfer any or all of its common stock of New Hampshire Hydro to any other person unless such person is an Equity Sponsor or meets the requirements for being an Equity Sponsor under sections 4B or 4C or 4D or 4F hereof as of the date of such transfer and a similar transfer is made under the Equity Funding Agreement for New England Hydro.

Section 13. Dividends on Common Stock

Any Equity Sponsor may direct New Hampshire Hydro to withhold the payment of a dividend to such Equity Sponsor and apply such dividend to reduce the current or the next Support Charge payment required to be made under the New Hampshire HVDC Support Agreement by such Equity Sponsor or its appointee.

Section 14. Restrictions on Dividends, Return of Capital and Repurchase of Common Stock

Any Equity Sponsor which is in default hereunder pursuant to Section 12 is not entitled to receive any amounts from New Hampshire Hydro representing such Equity Sponsor's then Equity Share of dividends, return of capital, or proceeds from any repurchase of common stock until all amounts (including interest thereon at an annual rate equal to two percent over the current interest rate on prime commercial loans from time to time in effect at the principal office of the First National Bank of Boston) owed by such Equity Sponsor to New Hampshire Hydro have been paid.

Section 15. Certain Actions of New Hampshire Hydro

A. New Hampshire Hydro shall not take any of the following actions without prior written approval of Equity Sponsors having at that time at least 80% of the Equity Shares:

(i) Amend New Hampshire Hydro's articles of organization or by-laws to adversely affect the rights of the Equity Sponsors as stockholders in a material manner under the Basic Agreements, unless such amendment is required by regulation or law; and

(ii) Merge, consolidate, or sell all or substantially all of the assets of New Hampshire Hydro not otherwise permitted by the New Hampshire HVDC Support Agreement.

B. New Hampshire Hydro shall distribute in a timely manner to each Equity Sponsor copies of (a) its annual audited financial statements, (b) notices of all of its directors' and stockholders' meetings (including any committees thereof), and (c) minutes of all of its directors' and stockholders' meetings.

Section 16. Miscellaneous

A. Successors and Assigns This Agreement shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of the parties and shall also be binding, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any party. Except for a transfer of any or all of an Equity Sponsor's Equity Share prior to the Effective Date as provided in Section 5B hereof, no assignment of this Agreement shall operate to relieve the assignor of its obligations under this Agreement without the written consent of the parties hereto. Written notice to all parties will be given prior to any assignment hereunder.

Notwithstanding the above, New Hampshire Hydro may collaterally assign this Agreement without the consent of the Equity Sponsors in connection with a third party financing by New Hampshire Hydro.

B. Right of Setoff. No Equity Sponsor shall be entitled to set off against the payments required to be made by it hereunder (1) any amounts owed to it by New Hampshire Hydro, any affiliate of New Hampshire Hydro, or any other Equity Sponsor, or (2) the amount of any claim by it against New Hampshire Hydro, any affiliate of New Hampshire Hydro, or any other Equity Sponsor. However, the foregoing shall not affect in any other way any Equity Sponsor's rights and remedies with respect to any such amounts owed to it by New Hampshire Hydro, any affiliate of New Hampshire Hydro, or any other Equity Sponsor or any such claim by it against New Hampshire Hydro or any other Equity Sponsor.

C. Amendments. Any amendments changing the Equity Shares of the Equity Sponsors or the several nature of the obligations and rights of the Equity Sponsors hereunder as specified in Section 6, shall require consent by all parties. In the event that an Equity Sponsor is obligated to acquire Equity Shares hereunder and does not pay for such Shares, then such

Shares will not be issued to him and such Equity Sponsor's Equity Share will be reduced accordingly. All other amendments to this Agreement shall be by mutual agreement of New Hampshire Hydro and Equity Sponsors owning Equity Shares aggregating at least 80%, evidenced by a written amendment signed by New Hampshire Hydro and such Equity Sponsors; and New Hampshire Hydro and all Equity Sponsors shall be bound by any such amendment.

D. Notices. Except as the parties may otherwise agree, any notice, request, bill, or other communication relating to this Agreement, or the rights, obligations or performance of the parties hereunder, shall be in writing and shall be effective upon delivery. Any such communication shall be considered as duly delivered when delivered in person or mailed by registered or certified mail, postage prepaid, to the respective post office address of the other parties shown following the signatures of such other parties hereto, or such other address as may be designated by written notice given as provided in this paragraph D.

E. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts.

F. Other

- 1.No action, regardless of form, arising out of this Agreement may be brought by any party hereto more than three years after the cause of action has arisen.
- 2.In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

3. All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, and regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation.
4. Each party shall, upon request of another party, execute and deliver any document reasonably required to implement any provision hereof.
5. Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.
6. This Agreement, with the other Basic Agreements, Preliminary Quebec Interconnection Support Agreement - Phase II, the agreements with Hydro-Quebec regarding Phase II, and the basic agreements covering Phase I shall constitute the entire understanding among the parties and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.
7. Terms defined in the New Hampshire HVDC Support Agreement and the New England Power and Boston Edison AC Support Agreements used in this Equity Funding Agreement shall be incorporated herein as defined in such Agreements unless the context indicates otherwise.
8. This Agreement is the act and obligation of the parties hereto in their corporate or governmental capacity, and any claim hereunder against any shareholder, director, officer, employee, or agent of any party, as such, is expressly waived.

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXXXX

Article 32 of the Declaration of Trust of Northeast Utilities dated January 15, 1927, as amended, provides as follows:

No shareholder 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 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 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 or satisfaction thereof. It shall be the duty of the Trustees and each of them and of every officer, agent or representative elected or appointed by them to include in every written agreement entered into by them or any of them as herein provided, a statement of the immunity provided by this article for the Shareholders and for the Trustees as individuals, and neither the Trustees nor any of them nor any officer, agent or representative appointed or elected by them shall have any power or authority to enter into any agreement or incur any obligation as herein provided except in accordance with the provisions of this Article.

In case any Shareholder shall at any time for any reason be held to or be under any personal liability whatever solely by reason of his being or having been a Shareholder and not by reason of his acts or omissions as a Shareholder, then such Shareholder (or his heirs, executors, administrators, or other legal representatives) shall be held harmless and indemnified out of the trust estate from and of all loss, liability or expense by reason of such liability.

VELCO SCHEDULE 1

<u>Utility</u>	<u>Percentage Interest</u>
Citizens Utilities Company	1.1155
Franklin Electric Light Company	0.0433
Green Mountain Power Corporation	<u>3.1800</u>
	4.3388

Schedule II

Massachusetts Municipal Wholesale Electric Company Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

List of Equity Sponsors

New Hampshire Hydro will supply a list of Equity Sponsors as of the date of initial computation and as of each date thereafter that the list changes.

As of February 1, 1988 (1)	
Equity Sponsors	Equity Share (%)
New England Electric System	51.0000
Northeast Utilities	22.4245
Boston Edison	10.9335
Vermont Electric Power (2)	4.3388
Canal Electric	3.3885
Montaup	3.2435
Conn. Municipal Electric Coop.	0.8312
Reading	0.4638
Newport Electric	0.4426
Taunton	0.3547
Chicopee	0.3145
Braintree	0.2995
Peabody	0.2746
Holyoke Gas & Electric	0.2362
Westfield	0.2528
Danvers	0.2393
Shrewsbury	0.1612
Hudson	0.1474
Wakefield	0.1245
Hingham	0.1203
Concord	0.1161
North Attleboro	0.1086
Middleborough	0.1065
West Boylston	0.0509
Groton	<u>0.0265</u>
	100.0000

- (1) Boylston and South Hadley signed the Equity Funding Agreements, but have not qualified as Equity Sponsors.
- (2) VELCo has signed as agent for:

Green Mountain Power	3.1800%
Citizens Utilities	1.1155
Franklin Electric	<u>0.0433</u>
	4.3388%

ATTACHMENT B

Forms of the following documentation:

1. Opinion of Counsel
2. Certificate
3. Incumbency and Signature Certificate
4. Directors' Vote

[Please note - governmental entities may make appropriate modifications to these documents to reflect that they are not corporations.]

[Form of Opinion of Counsel for Each Utility Participant]

New England Hydro-Transmission
Electric Company, Inc.;
New England Hydro Transmission
Corporation; or
New England Power Company

Gentlemen:

This opinion is furnished in connection with the execution and delivery by _____ (the Company) of the following Agreements: _____.

We have acted as counsel to the Company, one of the Utility Participants, in connection with the execution and delivery of the Basic Agreements. We participated in reviewing and/or drafting the Agreements.

As general [special] counsel to the Company, we are generally familiar with its affairs. [If special counsel is giving the opinion, describe relationship to the Company.] We have reviewed the proceedings taken by the Company in connection with its authorization, execution, and delivery of the Agreements and any documentation supplied by the Company thereunder. We have also examined executed counterparts of the Agreements, have made such other investigation, and have examined such other records and documents, and have made such examination of law and satisfied ourselves as to such other matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below.

Based upon and subject to the foregoing and to the further qualifications in this opinion, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of [the jurisdiction of its incorporation], has the corporate power to own its assets and to transact the business in which it is engaged, and is duly qualified as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.
2. The Company has (and in the case of the Agreements at the time of execution and delivery thereof, had) full corporate power, and legal right to execute, deliver and perform the Agreements, and the Company has taken all necessary corporate action to authorize the execution, delivery, and performance by it of the Agreements.
3. The execution, delivery, and performance by the Company of the Agreements do not (a) contravene the Company's [charter documents] or by-laws, (b) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, or award known to us by which the Company is bound, (c) violate any indenture, instrument, or agreement known to us by which the Company is bound, or (d) result in or require the creation or the imposition of any lien pursuant

to the provisions of any indenture, instrument, or agreement known to us by which the Company is bound.

4. No authorization, approval, consent, or other action by, and no notice to or filing with, any federal, state, or other governmental authority or regulatory body which has not been obtained or given and is not in full force and effect is required for the valid and lawful execution, delivery, and performance by the Company of the Agreements. [In this connection, to the extent it may be required by law, the approval of the Massachusetts Department of Public Utilities [Connecticut PUC, or other] has been given for the Agreements and the Company's performance thereunder by order(s) dated _____, which remains in full force and effect.]

5. The Agreements have each been duly executed and delivered by the Company and constitute the legal, valid, and binding obligations of the Company enforceable against it in accordance with their respective terms.

6. No action, suit, proceeding, or investigation at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened against or affecting the Company or its property or rights which, if adversely determined, would materially impair the ability of the Company to perform its obligations under the Agreements is known to us.

Our opinion that the Agreements are enforceable, each in accordance with the terms thereof, is qualified to the extent that the enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, and similar laws of general application affecting the rights and remedies of creditors and secured parties, and to the further extent that the availability of the remedies of specific enforcement, injunctive relief, or any other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

Very truly yours,

CERTIFICATE

I, (insert name), the Clerk (or Secretary or other principal recording officer) of (insert name of Utility Participant), a (insert state of organization) (the "Company") do hereby certify that:

(1) Attached hereto as Exhibit A is a true and correct copy of a vote duly adopted at a meeting of the Board of

Directors of the Company, duly called and held on _____, _____, and that such vote and the authority vested thereby have not been amended or revoked and are still in full force and effect.

(2) Attached hereto as Exhibit B is a true and correct copy of the Articles of Organization (or other charter documents) of the Company, as amended and in effect as of the date of this Certificate.

(3) Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company, as amended and in effect as of the date of this Certificate.

(4) The persons (or person) listed on Exhibit D have been duly elected to the offices set forth adjacent to their respective names since the first day of June, 1985, and the signatures adjacent to their respective names are the genuine signatures of said officers.

IN WITNESS WHEREOF, I have placed my hand and the seal of the Company this _____ day of _____, _____.

By _____

Name:

Title:

CONFIRMATION OF INCUMBENCY AND SIGNATURE OF
CLERK, SECRETARY, OR OTHER PRINCIPAL RECORDING OFFICER

I, (name), (title) of the Company, do hereby certify that (name of officer executing certificate) is and at all times subsequent to _____, _____, has been the duly elected (title) of the Company and that the signature adjacent to his (or her) name is the genuine signature of said officer.

By _____

Name:

Title:

FORM OF DIRECTORS' VOTE APPROVING AGREEMENTS

VOTED:

That in connection with this Company's participation in the Phase II expansion of the proposed interconnection between the New England Power Pool companies and Hydro-Quebec, the execution and delivery on behalf of this Company by _____, President, of the following agreements: (being collectively referred to in this vote as "Agreements") copies of which Agreements have been presented at this meeting, are hereby authorized, approved, ratified, and confirmed, and that the officers of this Company are further authorized severally to take any and all such further actions including the execution and delivery of such further documents, as such officers or any of them may deem necessary or appropriate in connection with the actions and documents authorized by this vote.

ATTACHMENT C

Subscription Process for Determining Equity Shares under Section 5(B)

After allocation of 51% of the Equity Shares to NEES pursuant to Section 5(B)(1), the Equity Shares shall be allocated to Equity Sponsors other than NEES as follows:

- (a) Each other Equity Sponsor shall be entitled to a pro rata share of the remainder based on the Participating Share of such Equity Sponsor or the Participant(s) that has designated it as an Equity Sponsor as a percentage of Participating Shares of all other Equity Sponsors or such Participants as shown in the New Hampshire HVDC Support Agreement. For the purpose of this calculation, the Participating Share of each Equity Sponsor designated by VELCO shall be deemed to be a pro rata share of VELCO's Participating Share based on the ratio of such Equity Sponsor's 1980 kwh load to the aggregate 1980 kwh load of all Equity Sponsors designated by VELCO.
- (b) Upon execution of this Agreement, each other Equity Sponsor may subscribe for more or less than its share under (a) above.
- (c) Upon execution of this Agreement, each other Equity Sponsor may specify a maximum limit on its share of such remainder that would apply to any allocations made on or before June 1, 1986 or such later deadline date as is fixed pursuant to Section 2 hereof.
- (d) If there are no undersubscriptions or oversubscriptions under (b) above or if the sum of the shares under (a) or (b) above for all Equity Sponsors equals 100% of such remaining shares, then each Equity Sponsor shall have a share as determined under (a) or (b) above. (For the purposes of this attachment, oversubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of more than its share under (a) above. For the same purposes, undersubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of less than its share under (a) above. The amount of such oversubscription shall be equal to (b) minus (a) and the amount of such undersubscription shall be equal to (a) minus (b).)
- (e) If there are undersubscriptions but not oversubscriptions or if there are oversubscriptions but no undersubscriptions, then each Equity Sponsor shall have a share as determined under (a) above; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.

- (f) If the net result of subtracting the aggregate amount of all undersubscriptions from the aggregate amount of all oversubscriptions is greater than zero, the aggregate amount of all oversubscriptions must be reduced to the aggregate amount of all undersubscriptions. This amount shall be referred to as the total permitted amount of oversubscriptions. Each oversubscriber shall initially be allocated a share of the total permitted amount of oversubscriptions (pro rata by the Participating Shares of the oversubscribers or their designators as shown in the New Hampshire HVDC Support Agreement); provided that no oversubscriber shall be allocated more than its requested amount under (b) above. Any remaining unallocated portion of the total permitted amount of oversubscriptions shall be allocated to all oversubscribers that have not yet reached their requested amount under (b) above pro rata by the differences between their requested shares under (b) above and their shares as heretofore allocated.
- (g) If the net result of subtracting the aggregate amount of all oversubscriptions from the aggregate amount of all undersubscriptions is greater than zero, the aggregate amount of all undersubscriptions must be reduced to the aggregate amount of all oversubscriptions. This amount shall be referred to as the total permitted amount of undersubscriptions. The total permitted amount of undersubscriptions shall be allocated to the undersubscribers pro rata by the amounts of their undersubscriptions; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.
- (h) If Equity Shares are required to be changed pursuant to subpart (i) or (ii) of Section 5(a), this reallocation shall be accomplished in accordance with this Attachment C on the basis of the subscriptions initially made under (b) and the maximum limits specified under (c) by each continuing Equity Sponsor, and giving effect to the termination of any Equity Sponsor pursuant to said subpart (i) or (ii).

[CONFORMED]

AMENDMENT NO. 1
TO
EQUITY FUNDING AGREEMENT
FOR NEW ENGLAND HYDRO-TRANSMISSION CORPORATION

This Amendment, dated as of May 1, 1986, is between New England Hydro-Transmission Corporation (New Hampshire Hydro), and the New England entities that have signed the Equity Funding Agreement for New England Hydro-Transmission Corporation, dated as of June 1, 1985 (the "Equity Funding Agreement"), and amends the Equity Funding Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 16C of the Equity Funding Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Equity Funding Agreement are used herein with the meanings there provided.
2. Section 4 is amended as follows:
 - (a) Subsection "D" is re-lettered as Subsection "E".
 - (b) The following paragraph is added as new Subsection "D":

"D. A Participant under the New Hampshire HVDC Support Agreement also qualifies to be an Equity Sponsor if it has an Equity Share of four tenths of one percent (0.4%) or less and it has only one long-term debt rating from any of the three rating agencies referred to in B above and such rating is at least "A3" as of September 1, 1985."

- (c) The following paragraph is added as Subsection "FH:

“F. Notwithstanding any provision of Sections 2, 4(B), and 4(D) to the contrary, if a Participant (i) has only one credit rating and seeks to qualify to be an Equity Sponsor under B above, or (ii) has no credit rating at all and seeks to qualify to be an Equity Sponsor under B or D above, such new credit rating or ratings must be received by July 1, 1986, from one or more of the rating agencies referred to in B above and such new credit rating or ratings shall be current. Such Participant must demonstrate by July 1, 1986, to the satisfaction of New Hampshire Hydro that it is qualified to be an Equity Sponsor pursuant to this Section 4. New Hampshire Hydro may extend such July 1, 1986, deadline, but any such extension shall be no later than October 1, 1986.”

3. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXX
XXXXXXXX

Article 32 of the Declaration of Trust of Northeast Utilities dated January 15, 1927, as amended, provides as follows:

No Shareholder 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 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 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 or satisfaction thereof. It shall be the duty of the Trustees and each of them and of every officer, agent or representative elected or appointed by them to include in every written agreement entered into by them or any of them as herein provided, a statement of the immunity provided by this article for the Shareholders and for the Trustees as individuals, and neither the Trustees nor any of them nor any officer, agent or representative appointed or elected by them shall have any power or authority to enter into any agreement or incur any obligation as herein provided except in accordance with the provisions of this Article.

In case any Shareholder shall at any time for any reason be held to or be under any personal liability whatever solely by reason of his being or having been a Shareholder and not by reason of his acts or omissions as a Shareholder, then such Shareholder (or his heirs, executors, administrators, or other legal representatives) shall be held harmless and indemnified out of the trust estate from and of all loss, liability or expense by reason of such liability.

XXXXXXXXXX

By: _____
Its President

Address: XXXXXXXX
XXXXXXXXXX

The name "New England Electric System" means the trustee or trustees for the time being (as trustee or trustees but not personally) under an agreement and declaration of trust dated January 2, 1926, as amended, which is hereby referred to, and a copy of which as amended has been filed with the Secretary of the Commonwealth of Massachusetts. Any agreement, obligation or liability made, entered into or incurred by or on behalf of New England Electric System binds only its trust estate, and no shareholder, director, trustee, officer or agent thereof assumes or shall be held to any liability therefor.

XXXXXXXX

By: _____
Its President

Address: XXXXXXX
XXXXXXX

[CONFORMED]

AMENDMENT No. 2
TO
EQUITY FUNDING AGREEMENT
FOR NEW ENGLAND HYDRO-TRANSMISSION CORPORATION

This Amendment, dated as of September 1, 1987, is between New England Hydro-Transmission Corporation (New Hampshire Hydro), and the New England entities that have signed the Equity Funding Agreement for New England Hydro-Transmission Corporation, dated as of June 1, 1985 as amended by Amendment No. 1 dated as of May 1, 1986 (the "Equity Funding Agreement"), and amends the Equity Funding Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 16C of the Equity Funding Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Equity Funding Agreement are used herein with the meanings there provided.
2. Section 7A is hereby amended by inserting in the first sentence of the first paragraph after the words "best efforts" the following: "(subject to an exception specified in the New Hampshire HVDC Support Agreement)".
3. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

XXXXXXXX

By: _____
Its President

Address: XXXXXXX
XXXXXXX

The name "New England Electric System" means the trustee or trustees for the time being (as trustee or trustees but not personally) under an agreement and declaration of trust dated January 2, 1926, as amended, which is hereby referred to, and a copy of which as amended has been filed with the Secretary of the Commonwealth of Massachusetts. Any agreement, obligation or liability made, entered into or incurred by or on behalf of New England Electric System binds only its trust estate, and no shareholder, director, trustee, officer or agent thereof assumes or shall be held to any liability therefor.

XXXXXXXX

By: _____
Its President

Address: XXXXXXX
XXXXXXX

CONFORMED

AMENDMENT NO. 3
TO
EQUITY FUNDING AGREEMENT
FOR NEW ENGLAND HYDRO-TRANSMISSION CORPORATION.

This Amendment, dated as of August 1, 1988, is between New England Hydro-Transmission Corporation (New Hampshire Hydro), and the New England entities that have signed the Equity Funding Agreement for New England Hydro-Transmission Corporation dated as of June 1, 1985 as amended (the "Equity Funding Agreement"), and amends the Equity Funding Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 16C of the Equity Funding Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Equity Funding Agreement are used herein with the meanings therein provided.
2. Section 2 is hereby amended by making the following modifications:

<u>In Paragraph:</u>	<u>Delete:</u>	<u>Insert in lieu thereof:</u>
1	"December 30, 1985"	"February 1, 1988"
2	"June 1, 1986"	"September 15, 1988"
3	"March 1, 1986" (both occurrences)	"September 1, 1988" (both occurrences)
3	"June 1, 1986"	"September 15, 1988"
6	"Section"	"Agreement"

3. Section 4F is hereby amended by deleting the last sentence thereof and by deleting the two references to “July 1, 1986” and inserting in lieu thereof “February 1, 1988.”
4. Section 5A is amended by (i) deleting the reference to “December 30, 1985” and inserting in lieu thereof “February 1, 1988”, and (ii) deleting the reference to “June 1, 1986” and inserting in lieu thereof “September 15, 1988.”
5. Section 5B is hereby amended by deleting the reference to “June 1, 1986” and inserting in lieu thereof “September 15, 1988.”
6. Section 5B is hereby further amended by adding at the end of Section 5B the following paragraph:

“After the initial computation and prior to the Effective Date, each Equity Sponsor may transfer any or all of its Equity Share to one or more other Equity Sponsors. On or before September 1, 1988, any such Equity Sponsor which has transferred or intends to transfer any or all of its Equity Share to one or more other Equity Sponsors, must provide documentation to New Hampshire Hydro covering the transfer. Any apportionment of Equity Shares pursuant to Section 5B(2) above shall be made without regard to (i) any transfers of Participating Shares pursuant to Section 4 of the New Hampshire HVDC Support Agreement or (ii) any transfers of Equity Shares made after the initial computation and prior to the Effective Date, provided that each Equity Sponsor which has agreed to take such transferred Equity Share has provided the required Documentation by September 15, 1988 (including Documentation covering any such transferred

Equity Share). Any transfers of Equity Shares, as provided above, shall be taken into account after such apportionment.

Upon execution of this Agreement, MMWEC may receive any such transferred Equity Shares; however, MMWEC shall not be included as an Equity Sponsor in any computations pursuant to the first paragraph of this Section 5B.”

7. Section 5C is hereby amended by deleting the references to “June 1, 1986” and inserting in lieu thereof “September 15, 1988.”
8. Section 7G is hereby amended by deleting the reference to “December 31, 1985” and inserting in lieu thereof “September 1, 1988.”
9. Section 12 is hereby amended by inserting therein after the words “sections 4B or 4C” the following:

“or 4D or 4F”
10. Section 16A is hereby amended by adding to the beginning of the second sentence thereof the following:

“Except for a transfer of any or all of an Equity Sponsor’s Equity Share prior to the Effective Date as provided in Section 5B hereof,”
11. The attached Schedule II is hereby made a part of the Equity Funding Agreement.
12. Attachment A to the Equity Funding Agreement is hereby deleted and replaced with the attached Attachment A.
13. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

XXXXXXXX

By: _____
Its President

Address: XXXXXXXX
XXXXXXXX

Schedule II

Massachusetts Municipal Wholesale Electric Company Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

List of Equity Sponsors

New Hampshire Hydro will supply a list of Equity Sponsors as of the date of initial computation and as of each date thereafter that the list changes.

As of February 1, 1988 (1)

Equity Sponsors	Equity Share (%)
New England Electric System	51.0000
Northeast Utilities	22.4245
Boston Edison	10.9335
Vermont Electric Power (2)	4.3388
Canal Electric	3.3885
Montaup	3.2435
Conn. Municipal Electric Coop.	0.8312
Reading	0.4638
Newport Electric	0.4426
Taunton	0.3547
Chicopee	0.3145
Braintree	0.2995
Peabody	0.2746
Holyoke Gas & Electric	0.2362
Westfield	0.2528
Danvers	0.2393
Shrewsbury	0.1612
Hudson	0.1474
Wakefield	0.1245
Hingham	0.1203
Concord	0.1161
North Attleboro	0.1086
Middleborough	0.1065
West Boylston	0.0509
Groton	<u>0.0265</u>
	100.0000

- (1) Boylston and South Hadley signed the Equity Funding Agreements, but have not qualified as Equity Sponsors.
- (2) VELCo has signed as agent for:

Green Mountain Power	3.1800%
Citizens Utilities	1.1155
Franklin Electric	<u>0.0433</u>
	4.3388%

(COMPOSITE CONFORMED COPY - As amended

Amendment No. 1 - May 1, 1986

Amendment No. 2 - February 1, 1987

Amendment No. 3 - June 1, 1987

Amendment No. 4 - September 1, 1987

Amendment No. 5 - October 1, 1987

Amendment No. 6 - August 1, 1988

Amendment No. 7- January 1, 1989

PHASE II MASSACHUSETTS TRANSMISSION

FACILITIES SUPPORT AGREEMENT

Dated as of June 1, 1985

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Signatures X

Schedule I - VELCO X
Schedule II - MMWECX
Attachment A - Kilowatthour LoadsX
Attachment B - Description of Transmission FacilitiesX
Attachment C - DocumentationX
Attachment E - Subscription Process for Determining Initial Participating SharesX
Attachment F - Credit Enhancement ChargeX
Exhibit G - Form of Equity Funding AgreementX

PHASE II MASSACHUSETTS TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This AGREEMENT dated as of June 1, 1985, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro) and the New England utilities listed in Attachment A hereto. Those New England utilities that have executed this Agreement and meet the further conditions for participation hereunder are hereinafter referred to as Participants or individually as a Participant. The Participants, each of which is a member of the New England Power Pool (NEPOOL), are sometimes referred to collectively herein, but their rights and obligations hereunder are several and not joint as described in Section 5 hereof.

In consideration of the premises, the concurrent execution of the other Basic Agreements hereinafter referred to, the mutual covenants hereinafter and therein set forth, and other good and valuable consideration, receipt whereof is hereby acknowledged, it is hereby agreed as follows:

Section 1. Basic Understandings and Purpose

Some or all of the Participants are participants in the existing arrangements for the Phase I interconnection planned by NEPOOL with Hydro-Quebec, which is to consist of a ± 450 kV HVDC transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a substation at the Comerford Generating Station on the Connecticut River (hereinafter referred to as Phase I). The basic arrangements covering the portion of Phase I in the United States are set forth in the New England Power Pool Agreement, as amended (the NEPOOL Agreement) and three contracts among the participants in Phase I as follows:

1. Vermont Transmission Line Support Agreement, dated as of December 1, 1981, as amended, with Vermont Electric Transmission Company, Inc.
2. Phase I Terminal Facilities Support Agreement, dated as of December 1, 1981, as amended, with New England Electric Transmission Corporation, and
3. Agreement With Respect To Use Of Quebec Interconnection, dated as of December 1, 1981, as amended, including the restatement thereof in connection with Phase II (this Agreement as restated to cover Phase II is hereinafter referred to as the Use Agreement).

These Phase I interconnection facilities are currently under construction with completion scheduled during 1986.

With the completion of arrangements for Phase I and the related contracts with Hydro-Quebec, the members of NEPOOL have conducted studies of the benefits of an expanded interconnection for NEPOOL with Hydro-Quebec (Phase II) and have negotiated with Hydro-Quebec a firm energy arrangement to utilize the expanded interconnection facilities. The results of these studies indicate that such an expansion of the interconnection capacity will be beneficial to the New England utilities and to their respective customers.

The portion of Phase II in the United States will consist of an extension of the Phase I DC transmission line from the proposed terminus of Phase I at the Comerford Station through New Hampshire to a site in Massachusetts with additional terminal facilities installed at that site to increase the total transfer capacity between Hydro Quebec and NEPOOL from the 690 MW of Phase I to approximately 2000 MW. Reinforcements to the existing AC transmission system of New England Power and to certain AC facilities of Boston Edison Company will also be required. The United States portion of the Phase II facilities will be designated as pool-planned facilities in the same manner as the United States portion of the Phase I facilities was so designated.

Hydro Quebec and the Participants have agreed to enter into a ten year energy contract for Phase II. Under that contract, the Participants would purchase, at favorable prices from Hydro Quebec, 7 Twh of energy per year. The Phase II energy will provide an opportunity to displace oil as a fuel for generation and should reduce consumers' annual fuel costs in New England. The commitment of Hydro Quebec to supply to the Participants this large amount of energy should also defer New England's need for expensive new generation. There is also the potential for additional benefits from Phase II, such as energy banking, energy interchange, and emergency transfer for mutual reliability purposes.

Studies performed on behalf of and by NEPOOL show that the aggregate present value of these benefits is expected to significantly exceed the cost of Phase II. The Phase I Support Agreements provide for allocation of participation in Phase II pro rata among all Participants based upon their proportionate shares of the 1980 NEPOOL load with provision for some preferential allocations to certain Participants involved in Phase II.

Each Participant acknowledges that it has been represented on the Executive and Planning Committees of NEPOOL that had responsibility for evaluating the feasibility of Phase II and, through this representation, actively participated in the decision of NEPOOL to go forward with Phase II. Furthermore, each Participant represents that it made its own independent investigations and inquiries as it deemed appropriate and did not rely upon representations (other than those contained in this Agreement) of New England Hydro or its affiliates in deciding to enter into this Agreement.

The sharing of benefits among the Participants associated with Phase II is set forth in the Use Agreement. The Use Agreement also permits each Participant to make its own entitlement transactions with Hydro Quebec and to use the interconnection for such transactions. Each Participant acknowledges that the benefits of participating in Phase II set forth in the Use Agreement are the fundamental consideration for its signing of this Agreement and making the significant commitments to each other Participant specified herein.

The provisions of this Agreement cover the Phase II Massachusetts HVDC transmission line and terminal facilities in Massachusetts (the Transmission Facilities) as described in more detail in Attachment B hereto. In accordance with the provisions hereof, New England Hydro agrees to build, own, operate, and maintain the Transmission Facilities. Each Participant hereby agrees to support the construction, operation, maintenance, and capital costs of the Transmission Facilities in accordance with the provisions

hereof. In connection with the HVDC transmission line to be constructed by New England Hydro in Massachusetts, New England Power has agreed to lease rights-of-way to New England Hydro for the full term of this Agreement.

All improvements and reinforcements to AC transmission systems in Massachusetts necessitated by Phase II are covered under the Phase II New England Power AC Facilities Support Agreement and the Phase II Boston Edison AC Facilities Support Agreement.

The portion of the Phase II HVDC transmission line to be constructed in New Hampshire is covered under the Phase II New Hampshire Transmission Facilities Support Agreement among New England Hydro-Transmission Corporation (New Hampshire Hydro), an affiliate of New England Hydro, and the Participants. New Hampshire Hydro will build, own, operate, and maintain these New Hampshire Phase II facilities.

In view of the need to formalize the agreements among the parties at an early date so that (i) binding commitments with Hydro Quebec for Phase II may be made, (ii) binding commitments for ultimate construction and the financing of the United States portion of Phase II may be undertaken consistent with the time schedule anticipated by NEPOOL and with the assurance that the Participants' commitments are in place and (iii) licensing activities may proceed on a schedule that enables completion of such construction consistent with the time schedule anticipated by NEPOOL, the following agreements are concurrently being entered into (the "Basic Agreements") which collectively set forth rights and obligations with respect to the foregoing undertaking: (1) this Agreement; (2) the Equity Funding Agreement for New England Hydro; (3) the Phase II New Hampshire Transmission Facilities Support Agreement; (4) the Equity Funding Agreement for New Hampshire Hydro; (5) the Phase II New England Power AC Facilities Support Agreement; (6) the Use Agreement; (7) various amendments to the NEPOOL Agreement relating to the sharing of savings, capability responsibilities, and Pool transmission arrangements; and (8) the Phase II Boston Edison AC Facilities Support Agreement.

In order to coordinate each Participant's participation in Phase II to the fullest extent possible, each Participant acknowledges that it is to have the same participating interest under each of these agreements: this Agreement, the Phase II New Hampshire Transmission Facilities Support Agreement, the Phase II New England Power AC Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, and the Use Agreement. Each Participant acknowledges that these agreements have been drafted with the overriding intent to so coordinate participating interests and that, notwithstanding any provision thereof that may be interpreted to the contrary, the proper interpretation of each of these agreements is to be consistent with such overriding intent. The Equity Funding Agreement for New Hampshire Hydro and the Equity Funding Agreement for New England Hydro have also been drafted to require actions of Equity Sponsors or their appointees affecting such participating interests to be the same under each Equity Funding Agreement in order to also be consistent with such overriding intent.

During the term of this Agreement, New England Hydro shall limit its activities to those necessary or desirable in connection with Phase II unless New England Hydro requests authority from the Advisory Committee for other activities and such authority is granted. New England Hydro shall endeavor to obtain permanent debt financing at reasonable rates with maturities approximating to

the extent practicable the then remaining useful life of the Transmission Facilities or to secure other advantageous financial arrangements. New England Hydro will limit its equity investment to a maximum of 40% of its total capital as of the Effective Date. During the time that New England Hydro has outstanding debt in its capital structure, New England Hydro shall use its best efforts to continue to limit its equity investment to 40% of its total capital; provided, however, that New England Hydro shall be under no obligation to so limit its equity investment in the event that, after the Date of Full Support Payment (as defined in Section 13) the term of its debt financing or other financing arrangements is less than ten years.

New England Hydro's common equity will be provided under the Equity Funding Agreement by the Equity Sponsors thereunder including New England Electric System (NEES) and those Participants or their authorized designees that qualify by having outstanding long-term debt securities rated at least one grade above the lowest investment grade rating as of the date so required under the Equity Funding Agreement. (The form of Equity Funding Agreement is included as Attachment G hereto.) The Equity Funding Agreement requires equity contributions to New England Hydro from Equity Sponsors up to a maximum of \$140 million unless Equity Sponsors having an aggregate of 66-2/3% equity participation agree to increase such maximum.

However, prior to the date that New England Hydro first calls for equity contributions from all Equity Sponsors, all equity of New England Hydro will be contributed by NEES.

To provide assurance that adequate funds will be available to support the financing of the Transmission Facilities, each Participant has agreed, in accordance with Section 14 hereof, to an absolute and unconditional obligation to make payments hereunder and to meet all other commitments hereunder, including but not limited to those of Section 19 hereof. In order to provide further assurance that adequate debt financing will be available to New England Hydro, the Equity Sponsors have agreed in the Equity Funding Agreement to severally guarantee certain obligations under Section 19 hereof of certain Participants with respect to each debt financing of New England Hydro; provided that the several guarantees of the Equity Sponsors are subject to the limits as set forth in section 8 C and D of the Equity Funding Agreement for New England Hydro; and further provided that one or more Equity Sponsors or their appointees may voluntarily agree to guarantee additional amounts of obligations under such debt financing. During the term of each New England Hydro debt financing, any Participant which, on the commitment date of that financing, (a) had below investment grade debt ratings on its most junior long-term debt securities or did not have a debt rating, (b) had not provided substitute credit enhancement in accordance with Attachment F, and (c) is credit enhanced by Equity Sponsors for such financing, is a Credit Enhanced Participant. In addition, any Participant which is a credit enhanced participant under the Phase II New Hampshire Transmission Facilities Support Agreement is also a Credit Enhanced Participant hereunder.

Section 2. Precedent to Effectiveness

The effectiveness of this Agreement, and all rights, obligations, and performance of the signatories hereunder, is subject to (a)

New England Hydro having executed this Agreement, (b) members of NEPOOL serving at least 66 2/3% of the aggregate kilowatthour load served by all NEPOOL members in 1980 (i) each having executed this Agreement and the other Basic Agreements (except for the two Equity Funding Agreements executed by the Equity Sponsors and the amendments to the NEPOOL Agreement) and (ii) each having satisfied the conditions precedent set forth below, (c) Equity Sponsors covering at least 100% of New England Hydro's equity requirements having executed the Equity Funding Agreement with New England Hydro and covering at least 100% of New Hampshire Hydro's equity requirements having executed the Equity Funding Agreement with New Hampshire Hydro, and (d) members of NEPOOL having executed the amendments to the NEPOOL Agreement for Phase II in order that such amendments may become effective in accordance with the NEPOOL Agreement. The signatories to this Agreement shall also sign and supply any required documentation under the Phase II New Hampshire Transmission Facilities Support Agreement, the Phase II New England Power AC Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, the Use Agreement, and amendments to the NEPOOL Agreement relating to Phase II.

By September 15, 1988, each signatory to this Agreement shall provide certificates and legal opinions from counsel satisfactory to New England Hydro, together with certified copies of related resolutions, consents, approvals, authorizations, and other documents (Documentation) necessary to establish to the satisfaction of New England Hydro that all corporate and regulatory consents, waivers, approvals, authorizations and other actions necessary in connection with performance by such signatory of its obligations under the Agreement have been obtained and are in full force and effect, that the Agreement has been duly authorized, executed, and delivered by such signatory, and that it constitutes a binding commitment by the signatory enforceable in accordance with its terms. Forms of Documentation acceptable to New England Hydro are included in Attachment C hereto. Prior to signing this Agreement, each signatory has provided to New England Hydro a listing of all consents, waivers, approvals, authorizations, and other actions required for that signatory to deliver its Documentation.

Since Vermont Electric Power Company, Inc. (VELCO) and Massachusetts Municipal Wholesale Electric Company (MMWEC) represent a number of electric systems, in calculating their respective kilowatthour loads on Attachment A, they are deemed to have signed on behalf of those respective systems listed in Schedules I or II, respectively. By September 1, 1988, VELCO and MMWEC will provide New England Hydro with copies of contracts with those respective systems which impose absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively. By that date, VELCO and MMWEC will also provide to New England Hydro, as part of their Documentation, certificates, legal opinions (from counsel satisfactory to New England Hydro), and other documents in form and substance satisfactory to New England Hydro representing unconditionally that all consents, approvals, and authorizations have been obtained by their contracting systems in connection with each such system's performance of its obligations under its respective contract with VELCO or MMWEC and that each such contract imposes absolute and unconditional obligations on such systems to pay their

proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively, and has been duly authorized, executed, and delivered and is a binding commitment of such system enforceable in accordance with its terms. If regulatory approvals have not been obtained by September 1, 1988, such representations shall be conditioned upon receipt of regulatory approvals. VELCO and MMWEC will have until September 15, 1988 to receive such approvals and make such representations unconditionally. In order that percentages of participation be consistent among the Basic Agreements, VELCO and MMWEC shall have their contracts with their contracting systems cover the necessary commitments for each Basic Agreement.

All expenses in connection with obtaining and delivering any Documentation under this Agreement, including legal opinions, are to be borne by the signatory incurring such expense. New England Hydro will have no responsibility for any expenses incurred by VELCO and MMWEC in providing Documentation for their respective contracting systems. (All expenses of further Documentation including legal opinions required for any financing by New England Hydro with an unaffiliated third party will be borne by the Participants in the same manner).

In the event that VELCO or MMWEC does not provide such contracts and Documentation by the aforementioned deadlines under this Agreement and similar contracts and documentation as required by the other Basic Agreements, for all electric systems shown on Schedules I or II, their respective kilowatthour loads on Attachment A will be automatically adjusted to equal the 1980 kilowatthour loads of those contracting electric systems for which the required contracts and Documentation have been provided. Promptly thereafter, New England Hydro will prepare and distribute an appropriately modified Attachment A with an additional column showing Participating Shares for all Participants and modified Schedules I and II.

If MMWEC provides by December 31, 1985, to New England Hydro at MMWEC's expense an opinion of nationally recognized bond counsel (listed in the Blue Book) stating unequivocally that MMWEC is not legally authorized to enter into and perform the obligations of this Agreement on any basis other than as an obligation payable solely from revenues derived by MMWEC under the contracts entered into with its contracting electric systems, then New England Hydro and the other Participants agree that MMWEC's liability hereunder shall be so limited. Otherwise, MMWEC's liability hereunder shall not be so limited and shall be on the same basis as that of the other Participants.

VELCO and MMWEC hereby grant to New England Hydro, on a pari passu basis with New Hampshire Hydro, New England Power Company, and Boston Edison Company, a security interest in, and pledge of, their respective contracts with their respective systems covering Phase II, including but not limited to all revenues derived or to be derived therefrom. VELCO and MMWEC also agree not to grant to any other party any lien upon, or pledge or assignment of revenues from, such contracts, except as required in connection with any financing by New England Hydro with an unaffiliated third party (Lender) or by New Hampshire Hydro with a Lender, or except with the approval of New England Hydro and New Hampshire Hydro, as required in connection with any financing by MMWEC, the proceeds of which are to be applied exclusively by MMWEC to meet its obligations under Phase II,

provided that such grant by MMWEC to its third party lenders shall be on a pari passu basis with the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company, and provided further that MMWEC shall have its third party lenders execute and deliver intercreditor agreements acceptable to the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company providing an appropriate allocation between MMWEC's third party lenders and the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company of payments made under MMWEC's contract with its systems and including appropriate notice provisions. VELCO and MMWEC will execute and deliver in a timely manner all Documentation requested by New England Hydro to perfect such grants.

Any signatory, that is unable to provide all Documentation by the applicable deadlines required by this Section 2 or that fails to obtain any regulatory approval required to deliver such Documentation by the applicable deadlines, will not be a Participant under this Agreement and will not have any rights and obligations hereunder after the date of such deadline. All obligations of New England Hydro hereunder are subject to obtaining all regulatory approvals necessary for New England Hydro to charge the Participants in accordance with the terms of this Agreement.

New England Hydro by written notice to all signatories may extend any deadline date specified in this Agreement to a later date, provided that any extension for longer than six months requires the consent of the Advisory Committee.

Section 3. Effective Date and Term

This Agreement shall become effective (the Effective Date) upon the last to occur of the following dates:

- (i) the date that Participants serving at least 66 2/3% of the aggregate kilowatthour load in 1980 served by NEPOOL members have satisfied all conditions precedent to effectiveness set forth in Section 2;
- (ii) the date that New England Hydro shall give written notice to all Participants that it has determined (such notice to be promptly given upon such determination) that all regulatory approvals necessary for it to charge the Participants in accordance with the terms of this Agreement have been obtained and are no longer subject to appeal;
- (iii) the date on which New England Hydro shall give written notice to all Participants that it has determined (such notice to be promptly given upon such determination) that all major regulatory approvals and licenses necessary for construction and operation of Phase II have been obtained and are no longer subject to appeal, unless New England Hydro and the Advisory Committee agree that this Agreement shall become effective before one or more of such approvals and licenses has been obtained and is no longer subject to appeal;
- (iv) the date that New England Hydro first receives borrowed funds as part of a financing arranged with Lenders for construction of the Transmission Facilities; and
- (v) the date that the last of the other Basic Agreements (excluding the Use Agreement) becomes effective or would become

effective but for a condition that its effectiveness is subject to this Agreement becoming effective.

Upon execution and delivery of the Agreement by members of NEPOOL serving at least 66 2/31, of the aggregate kilowatthour load in 1980 served by NEPOOL members, and notwithstanding any provision herein to the contrary, no signatory may terminate its obligations hereunder except in accordance with provisions of this Agreement.

Each Participant which is also a participant under the Phase I Support Agreements shall exercise its rights and take all actions under the Phase I Support Agreements to assure that the Phase I facilities are available to permit continued operation of Phase II. (In order to assure that Phase II is permitted to operate for a full maximum term of fifty years, New England Hydro understands that New England Electric Transmission Corporation and Vermont Electric Transmission Company, Inc. have agreed to extend the provisions of the Phase I Support Agreements to the Phase II Participants to cover this time period.)

The initial term of this Agreement shall expire thirty years from the Date of Full Support Payment as defined in Section 13. If (i) the Transmission Facilities are in commercial operation and (ii) there are continuing commitments by Participants to support the full costs of the Transmission Facilities, a Participant at that time shall be entitled not less than two years prior to the expiration of the initial term to elect to continue participation for an additional period not to exceed 20 years upon the terms and conditions of this Agreement. Such additional period is to be determined by the Advisory Committee no later than two years and three months prior to the end of the initial term. The Advisory Committee in determining this additional period shall take into account the then remaining term of the Phase I Support Agreements.

If all regulatory approvals authorizing New England Hydro to charge the Participants in accordance with the Support Charge described in Section 12 hereof are not received by June 1, 1986, New England Hydro may thereafter elect to terminate this Agreement by notice in writing to the signatories.

Section 4. Participating Shares

A. Allocation. Each Participant shall have and be charged with a percentage interest in all of the rights and obligations hereunder determined in accordance with this Section 4 (which interest is herein referred to as its "Participating Share").

The Participating Share of each Participant shall be computed both initially and as changed from time to time in accordance with the terms hereof, by New England Hydro as hereinafter provided. Such computations shall be made as of the first day of any month in which there is a change in the number of Participants or any change in the interest of any Participant as herein provided. The initial computation of Participating Shares shall be made on the basis that each signatory to this Agreement as shown in Attachment A is a Participant. After such initial computation and before the Effective Date, each Participant shall be entitled to transfer any or all of its Participating Share to one or more other Participants. On or before September 1, 1988, any Participant listed in Attachment A who has transferred, or intends to transfer, any or all of its Participating Share to one or more other Participants listed in Attachment A must provide documentation to New England Hydro covering the transfer. The initial computation is to be recomputed on and as of the

Effective Date on the basis that each signatory to this Agreement which has provided timely documentation of its participation or transfer is a Participant. Any such transfers of Participating Shares will be taken into account after such recomputation. Any such transfer of Participating Shares hereunder shall have no effect on the interests, rights, or obligations of participants in Phase I. Subsequent computations are to be made thereafter as of the first day of each month in which an interest is modified or terminated pursuant to any provision hereof. All computations shall be final unless there is a manifest error.

B. The Participating Shares on and as of the initial computation will be calculated as follows:

- (i) up to 5% to VELCO, if then a Participant;
- (ii) up to 5% to Participants that serve “kilowatthour loads” in New Hampshire (New Hampshire Participants), if then Participants, (Apportioned on the basis of their relative “kilowatthour loads” in New Hampshire); and
- (iii) the balance (after deducting the percentages, if any, under paragraphs B(1) and B(2) above, respectively) apportioned among all Participants, including VELCO (if then a Participant) and the New Hampshire Participants (if then Participants) on the basis of an initial share allocation determined by the subscription process as described in Attachment E.

C. The term “kilowatthour load,” as used herein, shall mean the sum of a Participant’s 1980 kilowatthour sales as shown on Attachment A hereto.

D. The precise percentages under B(1) and B(2) shall be specified by VELCO and the New Hampshire Participants, on or before the date of signing this Agreement.

Section 5. Relationship among Participants

The rights and obligations of the Participants hereunder are several, in accordance with their respective Participating Shares, and not joint. The rights and obligations of New England Hydro hereunder are also several and not joint with those of the Participants, the Equity Sponsors, or any one thereof. There is no intention to create by this Agreement, or by any grant, lease, license, or activity related hereto, an association, joint venture, trust, or partnership or to impose on New England Hydro or any Participant trust or partnership rights or obligations; and any such implied intention is expressly negated. Except as expressly provided in this Agreement, no Participant shall have by virtue of this Agreement or of any such grant, lease, license, or activity the right or power to bind any other Participant without its express written consent.

Section 6. Project Control and Advisory Committee

Each Participant may designate in writing, initially on or before June 1, 1986, and from time to time thereafter, a representative and an alternate representative to serve on the Advisory Committee. If a representative is unable to attend, an alternate may attend in his or her place. The Advisory Committee shall have the power and responsibilities set forth in this Agreement and shall adopt its own by-laws, provided that (i) voting shall be by Participating Shares at the time of the vote, (ii) a vote of two-thirds or more of Participating Shares is required to accept a New England Hydro proposal or to take other affirmative action and a vote of more than one-third is

required to reject a New England Hydro proposal, and (iii) one or more Participants having Participating Shares of at least 10% in the aggregate may by reasonable written notice to all Participants call a meeting of the Advisory Committee. The Advisory Committee will advise New England Hydro on all major matters of concern to the Participants regarding the Transmission Facilities and Phase II.

New England Hydro shall make prompt proposals for decisions on the following, and the Advisory Committee shall accept or reject these proposals for decisions on the following:

- (i) Commencement of construction of the Transmission Facilities;
- (ii) The original design concept for the Transmission Facilities;
- (iii) Overall project budget estimate for design, engineering and construction of the Transmission Facilities;
- (iv) Major changes to the original design concept of the Transmission Facilities that, based on reasonable engineering estimates, will increase or decrease the cost by more than 10% of the overall budget approved in (iii) above or might have a significant detrimental effect on reliability or availability; any changes whether changes to the original design concept or otherwise that will result in an increase in the cost to more than 100% above the initial overall project budget approved in (iii), which will require an affirmative vote of at least 80% to accept the changes, or an affirmative vote of a percentage less than 80% in the event that only one Participant (subsidiaries of Northeast Utilities shall be treated as a single Participant for this sole purpose) having more than 20% casts a negative vote;
- (v) General terms of major contracts in excess of \$25 million;
- (vi) Capital additions to the Transmission Facilities in excess of \$5 million;
- (vii) Major changes in operation and maintenance of the Transmission Facilities that will increase operation and maintenance costs by more than 10% of previous year's actual operation and maintenance costs or might have a significant detrimental effect on reliability or availability;
- (viii) Delay, restriction, suspension, termination or cancellation of planning or construction, or shut down of Transmission Facilities, for a period of six months or longer or permanently under Section 16;
- (ix) The term of any New England Hydro debt financing or any other financial arrangements (other than any construction financing) with a principal amount in excess of \$25 million, provided that such term must be between 5 and 30 years; the Advisory Committee may reject the proposed term only if it is less than 10 years and is unreasonable or impracticable; New England Hydro shall consult with the Advisory Committee on the other principal terms of such financings and any construction financing and shall use reasonable efforts to accommodate their reasonable requests;
- (x) The target date for commercial operation of the Transmission Facilities for purposes of Section 13B which shall be determined at least 90 days before the Effective Date; and

(xi) Such other matters as are specified elsewhere in this Agreement.

If New England Hydro makes a proposal for a decision from the Advisory Committee and the Advisory Committee fails, however, to accept or reject such proposal within thirty days, the Advisory Committee shall be deemed by New England Hydro to have approved New England Hydro's proposal and New England Hydro may immediately proceed to implement its proposal.

Each Participant shall be responsible for all of its expenses related to membership on the Advisory Committee.

This Section shall be effective on June 1, 1986, notwithstanding that the Effective Date has not yet occurred.

Section 7. Design and Construction of the Transmission Facilities

Except for those areas of responsibility assigned to the Advisory Committee as specified in Section 6, New England Hydro shall be responsible for the design, engineering, procurement, installation, and all other aspects of the construction of the Transmission Facilities, and any modifications or additions made to the Transmission Facilities at any time before or after completion of the Transmission Facilities, all in accordance with good utility practice for the benefit of all Participants, the objective being to achieve an appropriate balance among minimization of construction cost, minimization of operation and maintenance cost, licensing and environmental considerations, and safety and reliability of service. In carrying out these activities, New England Hydro may utilize the services of its affiliates and may also select and employ a financial adviser, legal counsel, design engineering firm, a construction engineering firm, consultants, and such other firms as it considers desirable. To the extent services are performed by an affiliate of New England Hydro, such affiliate will charge on the same basis that it would charge its costs to other affiliates pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (the 1935 Act).

In order for the Advisory Committee to meet its responsibilities as specified in Section 6, New England Hydro will provide all necessary information reasonably requested by the Advisory Committee. During the course of the work, New England Hydro shall furnish quarterly reports to all Participants with respect to the progress of the work and an annual report to all Participants of actual and estimated construction expenditures for the Transmission Facilities.

New England Hydro intends, consistent with good utility practice, to construct the Transmission Facilities on a schedule that permits the commercial operation of Phase II by September 1, 1990. However, New England Hydro does not represent that construction will be completed by such date or any other date.

Section 8. Operation and Maintenance of the Transmission Facilities

Except for those areas of responsibility assigned to the Advisory Committee as specified in Section 6, New England Hydro shall be responsible for the operation and maintenance of the Transmission Facilities in accordance with good utility practice for the benefit of all Participants, the objective being to operate the Transmission Facilities as efficiently, economically, safely, and reliably as feasible. New England Hydro shall use its best efforts to coordinate the operation and maintenance of the Transmission Facilities with the operation and maintenance of the Phase I facilities and other Phase II facilities. In carrying out these activities, New England Hydro

may utilize the services of its affiliates and may also select and employ a financial adviser, legal counsel, consultants, and such other firms as it considers desirable. In furtherance of its responsibility, New England Hydro may from time to time designate a company, which need not be a Participant, to operate and maintain the Transmission Facilities. To the extent services are performed by an affiliate of New England Hydro, such affiliate will charge its costs on the same basis that it would charge to other affiliates pursuant to the rules and regulations of the SEC under the 1935 Act.

In order for the Advisory Committee to meet its responsibilities as specified in Section 6, New England Hydro will provide all necessary information reasonably requested by the Advisory Committee.

After the Transmission Facilities are placed in commercial operation, New England Hydro shall furnish quarterly reports to all Participants with respect to the operation and maintenance of the Transmission Facilities and an annual report to all Participants of estimated operation and maintenance expenses.

Section 9. New England Hydro Relationship to Participants

In carrying out its responsibilities hereunder, New England Hydro agrees that it shall use its best efforts to act for the collective benefit of all Participants and New England Hydro, to include in its contracts with independent contractors the customary provisions for assuring professional and workmanlike performance, including warranties, insurance coverage and other protections consistent with good utility practice, and to enforce its rights under such contracts against the other contracting parties to the extent reasonable, reserving the discretion to settle claims on a reasonable basis. All costs of construction, including damages caused by the risks of negligence (other than gross negligence) and other risks of construction in excess of the recoveries obtained from offending parties or insurers, shall be included as part of investment in the Transmission Facilities (as defined in Section 12 below) and all costs of operating the Transmission Facilities, including damages caused by risks of negligence (other than gross negligence) or other risks of operation in excess of any recoveries obtained from offending parties or insurers, shall be included in New England Hydro's operating costs (as defined in Section 12 below).

Section 10. Payment for Preliminary Costs

New England Hydro agrees to pay those New England utilities that initially paid for costs related to the Transmission Facilities incurred under the Preliminary Quebec Interconnection Support Agreement - Phase II (the Preliminary Agreement) that are determined by New England Hydro to be capitalizable costs of the Transmission Facilities, in accordance with the Uniform System (as defined hereinafter in Section 12). It is understood that it is the intention of New England Hydro and the Participants for all costs related to and allocated to the Transmission Facilities incurred under the Preliminary Agreement, to be capitalized to the extent permitted in accordance with good utility practice. Within ninety days after the Effective Date, New England Hydro agrees to make the repayment with interest calculated from the original date of payment using the monthly average rate on one month commercial paper as published in the Federal Reserve Bulletin for each month during such time period.

Section 11. Transmission and Other Services

In accordance with good utility practice, New England Hydro will make the Transmission Facilities available for the Participants for transmission services as part of Phase II. New England Hydro hereby grants to each Participant an exclusive right to use its Participating Share of the Transmission Facilities in accordance with the Use Agreement.

New England Hydro agrees that it will serve as an agent or in other similar capacity for any Participant that so requests for the buying or selling of power to be transmitted over the Transmission Facilities as an entitlement transaction with Hydro-Quebec pursuant to the terms of the Use Agreement or otherwise, provided, however, that a formal written contract with terms and conditions, including compensation for services, satisfactory to New England Hydro is executed and delivered prior to performance of such services.

Section 12. Support Charge

Commencing in the month of the Date of Full Support Payment (as defined in Section 13) and in each month thereafter, each Participant shall pay in accordance with Section 13 its Participating Share of a monthly Support Charge in an amount determined in accordance with this Section 12, plus a credit enhancement charge calculated in accordance with Attachment F. The Support Charge shall be equal to New England Hydro's total cost of service related to the Transmission Facilities for such month.

The "total cost of service related to the Transmission Facilities" for any month commencing with the month in which the Date of Full Support Payment occurs shall be the sum of (a) New England Hydro's operating expenses for such month with respect to the Transmission Facilities, plus (b) an amount equal to one-twelfth of the composite percentage for such month times the average net rate base for the Transmission Facilities, less (c) investment earnings of the Debt Service Fund, as defined in Section 18, realized by New England Hydro, less (d) any other income received by New England Hydro resulting from costs or rate base supported by the Participants other than income received pursuant to (a), (b), or (c) above or Credit Enhancement Charges and other income allocated to Equity Sponsors elsewhere under this Agreement. If a Support Charge payment under Section 13 is to be calculated from a date other than the first day of a month, an appropriate proration of the amount determined in (b) above shall be made for such payment only.

"Uniform System" shall mean the appropriate Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for Public Utilities and Licensees, as from time to time in effect.

New England Hydro's "operating expenses" shall include all amounts related to the Transmission Facilities and properly chargeable to expense accounts less any applicable credits thereto, in accordance with the Uniform System, including but not limited to operation and maintenance expense such as rent on leased property and administrative and general expenses, state and Federal income and franchise taxes, property taxes, payroll taxes, any other taxes not based on income, and depreciation and/or amortization expense; it being understood that unless the FERC, upon application by New England Hydro, authorizes a shorter depreciation and/or amortization period, for purposes of this Agreement depreciation and/or amortization shall be at a rate sufficient to recover the investment in the Transmission Facilities (including estimated cost of removal less any salvage value which salvage value, for the

purpose of calculating such depreciation and/or amortization, will not exceed the amount of cost of removal) over the greater of: (i) ten years from the Date of Full Support Payment or (ii) the term of New England Hydro's permanent debt financings or other permanent financing arrangements related to the Transmission Facilities, adjusted for multiple maturities and repayment schedules; and it also being understood that rents on leased property shall include the rental of property or property rights related to the Transmission Facilities from any Participant with rent based on book value. In addition, each Participant will pay to New England Hydro, and New England Hydro will pay to New England Power Company, for the benefit of its customers, such Participant's Participating Share of a monthly charge of \$49,000 to compensate New England Power for the lost capacity on its Massachusetts right-of-way, provided however that no such charge shall be paid during such time as construction or operation is suspended on account of a defect in title for such rights-of-way. The allowance for state and Federal income taxes included in operating expenses shall reflect the normalization of timing differences and the flow through of permanent differences between book income and tax income. New England Hydro, as the tax owner of the Transmission Facilities, will be entitled to the benefits and subject to the burdens of such ownership for tax purposes. The allowance for state and Federal income taxes included in operating expenses shall include a provision for taxes on dividends received by stockholders, calculated at the then current statutory rate for corporate stockholders.

The "investment in the Transmission Facilities" shall be the aggregate amount incurred at any time either before or after commercial operation of the Transmission Facilities which relates to the Transmission Facilities and is properly chargeable to New England Hydro's utility plant accounts in accordance with the Uniform System. The investment in the Transmission Facilities shall also include operating expenses incurred prior to the month in which the Date of Full Support Payment occurs and an allowance for funds used during the period prior to the Date of Full Support Payment (AFDC) accrued on the investment in the Transmission Facilities. The AFDC rate shall be calculated pursuant to the last FERC approved AFDC formula including in construction work in progress all investment in the Transmission Facilities prior to the Date of Full Support Payment and using 14 percent as the return on equity for such calculation.

"Composite percentage" shall be computed as of the last day of each month (the "computation date"). "Composite percentage" as of a computation date shall be the sum of (i) Return on Equity then in effect multiplied by the percentage which equity investment as of such date is of the total capital as of such date; plus (ii) the average monthly effective interest rate per annum of each principal amount of indebtedness outstanding on such date for money borrowed, whether long term or short term, multiplied by the percentage which each such principal amount is of total capital as of such date. The effective interest rate shall take into account premiums, discounts, fees, and other costs that are related to the indebtedness.

"Return on Equity" shall be the return on equity on file with the FERC and in effect under The Federal Power Act.

"Equity investment" as of any date shall consist of the sum of (i) all amounts theretofore paid to New England Hydro for all

capital stock theretofore issued, plus all capital contributions, less the sum of any amounts paid by New England Hydro in the form of stock retirements, repurchases or redemptions or return of capital including liquidating dividends; plus (ii) any credit balance in the capital surplus account not included in (i) and any credit balance in the earned surplus (retained earnings) account on the books of New England Hydro as of such date.

“Total capital” as of any date shall be the equity investment plus the total of all indebtedness then outstanding for money borrowed.

From the Date of Full Support Payment until the first to occur of June 30 or December 31 thereafter, the “average net rate base” for the Transmission Facilities shall be the average of the net rate base determined as of the Date of Full Support Payment and the first to occur of June 30 or December 31 thereafter. Thereafter, for subsequent months of January through June, average net rate base shall be the average of the net rate base as of the preceding December 31 and the following June 30. For other months, average net rate base shall be the average of the net rate base as of the preceding June 30 and the following December 31. The “net rate base” shall consist of (i) the investment in the Transmission Facilities, less (ii) the amount of any accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities, less (or plus) (iii) the amount of any reserve for deferred income taxes received (or paid) by New England Hydro, such deferred income taxes to include deferred income taxes due to accelerated depreciation, construction tax benefits, and any other book/tax timing differences related to the Transmission Facilities, less (iv) the amount of any unamortized investment tax credits (ITC), plus (v) such allowances related to the Transmission Facilities for materials and supplies, prepaid items and cash working capital as may from time to time be determined by New England Hydro, as reasonably necessary and in accordance with accepted utility accounting practice, plus (vi) the amounts held in the Debt Service Fund, as described in Section 18. New England Hydro shall normalize ITC over the depreciation and/or amortization period relating to the Transmission Facilities. Any allowance for cash working capital shall be limited to that not sufficiently recovered through the use of estimated billing for the current month.

Section 13. Payments

A. Commencing on or about the Date of Full Support Payment and for each month thereafter, New England Hydro will render to each Participant an invoice for its Participating Share of the Support Charge and the Credit Enhancement Charge, if any, for such month calculated on an estimated basis for the current month and subject to corrective adjustment in subsequent months. Unless New England Hydro is prevented by circumstances beyond its reasonable control, New England Hydro shall use its best efforts to render final bills within two years after the end of the calendar year in which the estimated bill was rendered. New England Hydro will also render to each Participant an invoice or notice for its Participating Share of any amounts due under this Agreement (other than monthly Support Charge and the Credit Enhancement Charge) including but not limited to payments to be made under Sections 15, 16, 17, and 20D.

Each Participant shall promptly pay to New England Hydro the amount shown on any invoice submitted under this Section. New England Hydro will date and mail monthly invoices for the Support Charge and Credit Enhancement Charge, if any, on or about the 25th day of the month for the coming month and this invoice shall be due and payable by the 15th day of the coming month and if not paid within that time period shall bear interest compounded monthly from the first day of the month in which payment is due to the date when payment is made at an annual rate equal to two percent (2%) over the current interest rate on prime commercial loans from time to time in effect (the Base Rate) at the principal office of The First National Bank of Boston.

Any invoice or notice for payments due under this Agreement (other than a monthly Support Charge and Credit Enhancement Charge invoice), that is not paid when due under this Agreement shall bear interest compounded monthly from the mailing date of the invoice to the date when payment is made at an annual rate equal to two percent (2%) over the Base Rate at the principal office of The First National Bank of Boston.

B. The "Date of Full Support Payment" shall be the later of (i) the target date for commercial operation of the Transmission Facilities as determined by the Advisory Committee, or (ii) the date on which the Transmission Facilities are ready for commercial operation, but in no event later than one year after the date specified in subpart (i) above unless an extension is agreed to in writing by all Lenders. However, if all of Phase II commences commercial operation prior to the target date specified in subpart (i) above, the "Date of Full Support Payment" shall be the date on which Phase II is in commercial operation.

Section 14. Character of Payment Obligations

The obligations of each Participant to make payments hereunder, and to perform and observe all other agreements on its part contained herein, are absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any insolvency, composition, bankruptcy, reorganization, arrangement, liquidation or similar proceedings relating to New England Hydro, the Participant, any other Participant, any Equity Sponsor, or any affiliate thereof, (ii) any failure of the Transmission Facilities to operate for any reason, including but not limited to the failure of Hydro-Quebec to sell electric power to the Participants, (iii) any damage to or destruction of the Transmission Facilities, including but not limited to any defect in the title, quality, condition, design, operation, or fitness for use of, or any loss of use of, all or any part of the Transmission Facilities, (iv) any interruption or prohibition of the use or possession by New England Hydro of, or any ouster or dispossession by paramount title or otherwise of New England Hydro from, all or any part of the Transmission Facilities, or any interference with such use or possession by any governmental agency or authority or other person or otherwise, (v) any inability to use the Transmission Facilities because a necessary license or other necessary public authorization cannot be obtained or is revoked, or because the utilization of such a license or authorization is made subject to specified conditions which are not met, (vi) any invalidity or unenforceability or disaffirmance by New England Hydro or any Participant of any provision of this Agreement or any failure, omission, delay, or inability of New England Hydro to perform any of its obligations contained herein, (vii) any amendment, extension, or other change of, or any assignment or encumbrance of any

rights or obligations under, this Agreement, or any waiver or other action or inaction, or any exercise or nonexercise of any right or remedy, under or in respect to this Agreement, (viii) any inability of the Participant or any other Participant to obtain regulatory approvals for financing its Participating Share of any obligations under this Agreement or for meeting any other obligations under this Agreement, or (ix) any inability to start, complete, or use the Transmission Facilities due to any other circumstance, happening, or event whatsoever, whether foreseeable or unforeseeable and whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that all amounts payable by each Participant in respect of this Agreement shall begin to be payable and shall continue to be payable in all events in the manner and at the time herein provided; provided, however, that nothing in this Section 14 shall (a) prevent a Participant from transferring its interests and obligations hereunder to another Participant prior to the Effective Date, or (b) impose any continuing liabilities or obligations on said transferring Participant with respect to this Agreement incurred or relating to the period of time after said transferring Participant's Participating Share has been reduced to zero. In that connection, each Participant hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it (other than those expressly conferred in this Agreement), by statute or otherwise, to terminate, cancel, or surrender any of its obligations under this Agreement, and agrees that if, for any reason whatsoever, this Agreement shall be terminated in whole or in part by operation of law or otherwise, each Participant will nonetheless promptly pay to New England Hydro amounts as required by Section 16 of this Agreement.

Notwithstanding the character of the above payment obligations, when the net proceeds from a total taking of the Transmission Facilities in an eminent domain proceeding or from insurance in the event of complete destruction of the Transmission Facilities have been received by New England Hydro in an amount equal to or greater than the amounts then due hereunder from the Participants, then no payment shall be required.

Section 15. Default

A. If any of the following events (Events of Default) shall occur and be continuing:

- (i) a Participant shall fail to pay when due any amount which it has agreed to pay under any provision of this Agreement, and such failure shall continue for more than 10 days after written notice thereof has been given to such Participant by New England Hydro; or
- (ii) a Participant shall fail to supply in accordance with the terms hereof any documentation required by New England Hydro in connection with financing with Lenders by New England Hydro (for VELCO and MMWEC, this includes documentation for their respective contracting electric systems), and such failure shall continue for more than 30 days after written notice of such failure has been given to such Participant by New England Hydro; or
- (iii) a Participant shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of its creditors; or any proceeding shall be instituted against a Participant (and is not dismissed within sixty days), or by a Participant,

seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or seeking appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; or if a Participant shall take any action to authorize any of the actions set forth in this subsection (iii); or

(iv) prior to the retirement of the last amount of New England Hydro's debt and prior to the reduction of New England Hydro's equity investment to an amount less than or equal to 10% of its highest previous amount, a Participant shall fail to make a payment of principal under any bank loan or other obligation for borrowed money (including financing leases or other similar arrangements) exceeding the lesser of \$1 million or 5% of such Participant's total capitalization, which failure is not excused or cured within the earlier of 30 days or the acceleration of the maturity thereof; or

(v) a Participant shall fail to perform any other obligation under this Agreement in accordance with the terms hereof, and such failure shall continue for more than 30 days after written notice thereof has been given to such Participant by New England Hydro; or

(vi) a Participant shall experience an event of default under any of the other Basic Agreements or under any of the basic agreements for Phase I listed in the first paragraph of Section 1; then, and in any such event, in addition to any other rights or remedies that it may have against such Participant by reason thereof, New England Hydro shall, by written notice to such Participant, terminate all rights of such Participant under this Agreement as of the date of such Event of Default. New England Hydro may with the approval of the Advisory Committee waive any Event of Default hereunder or grant extensions of time to cure any Event of Default.

B. Immediately upon termination of the rights of a Participant pursuant to A above:

(i) if such terminated Participant was then a Credit Enhanced Participant, then New England Hydro shall allocate the Participating Share of the terminated Participant to the Equity Sponsors or their appointees in proportion to the Equity Sponsors' then respective equity percentages;

(ii) if such terminated Participant was not then a Credit Enhanced Participant, then New England Hydro will offer the Participating Share of the terminated Participant as of the date of the termination to the Equity Sponsors or their appointees and upon acceptance of the offer will allocate the Participating Share in accordance with the acceptance (if the offer is oversubscribed by Equity Sponsors, the allocation will be made in proportion to such Equity Sponsors' then respective equity percentages); provided that, if such Participating Share is not so completely allocated, then New England Hydro will offer such unallocated Participating Share to Participants whose most junior long-term debt securities are then rated at least one grade above investment grade or, if not so rated, who have obtained the consent of all New England Hydro's Equity Sponsors (if the

offer is oversubscribed, the allocation will be made in proportion to respective participating shares); and provided further that such Equity Sponsors or their appointees or Participants receiving such an allocation accept an equal support or participating share under the Phase II New England Power AC Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, and the Phase II New Hampshire Transmission Facilities Support Agreement; and

(iii) the Equity Sponsors have been allocated B (i) or (ii) above have been allocated B (ii) above or New allocation is made, or their appointees that Participating Shares under or any Participants that Participating Shares under England Hydro, if no such shall be entitled to receive in accordance with the Use Agreement from the escrow agent as liquidated damages the allocated share of all Phase II amounts retained under the Use Agreement on or after the date of such termination for the account of such terminated Participant.

C. The terminated Participant shall immediately pay either (i) if an allocation is made under Section 15B, to the Equity Sponsors or their appointees or any Participants that have received such allocation or (ii) otherwise, to New England Hydro, in addition to any other amounts due under any provisions of this Agreement, an amount equal to its Participating Share of the investment in the Transmission Facilities (including any cost of removal and disposal) less any depreciation and amortization relating to the Transmission Facilities to the date of such payment. New England Hydro will credit any such amounts it receives from the terminated Participant for the benefit of the Equity Sponsors.

D. New England Hydro or any Equity Sponsor or any Participant shall be free to invoke such remedies at law or in equity as may be deemed appropriate against any Participant that defaults under this Agreement.

Section 16. Delay, Suspension, Termination, Cancellation, or Shutdown

If at any time New England Hydro determines that continued planning, construction, or operation of the Transmission Facilities is not advisable for any reason New England Hydro deems appropriate, it may, after written notice to all Participants, delay, restrict, or suspend planning, construction, or operation, or shut the Transmission Facilities down for a period of less than six months. In accordance with Section 6, the Advisory Committee has responsibility for accepting or rejecting a proposal submitted by New England Hydro recommending a delay, restriction, suspension, termination, or cancellation of planning or construction, or shut down of the Transmission Facilities for a period of six months or longer or permanently. In any case in which New England Hydro determines that safety considerations require an immediate shutdown, it shall proceed without consultation with the Advisory Committee or written notice to the Participants.

If the Advisory Committee has determined that (i) planning or construction of the Transmission Facilities is to be terminated or cancelled, or (ii) the Transmission Facilities are to be permanently shutdown, then New England Hydro shall give each Participant not less than ninety days advance written notice of any such event. Each Participant shall pay to New England Hydro within such notice period an amount, as specified in such notice and calculated as of the date of the event so notified, equal to the greater of:

- (a) its Participating Share of the investment in the Transmission Facilities (less any depreciation and amortization to the date of payment) together with all costs relating to or resulting from such termination, cancellation or permanent shutdown, including any premiums and penalties incurred because of the early retirement of any indebtedness and further including without limitation any costs of total or partial demolition and disposal of the Transmission Facilities net of any actual salvage value received by New England Hydro including the proceeds from any sale and net of the actual proceeds received by New England Hydro from any condemnation proceeding or insurance for destruction; or
- (b) its Participating Share of the then total capital of New England Hydro plus any premiums and penalties incurred because of the early retirement of any financing plus without limitation any costs of total or partial demolition and disposal of the Transmission Facilities net of any actual salvage value received by New England Hydro including the proceeds from any sale and net of the actual proceeds received by New England Hydro from any condemnation proceeding or insurance for destruction.

If New England Hydro and the Advisory Committee agree on the decision to terminate, cancel or permanently shutdown the Transmission Facilities under this Section 16, New England Hydro shall have and retain, upon termination of this

Agreement, the right to sell the Transmission Facilities at fair market value to any NEES affiliate of New England Hydro. Any amounts received from such sale shall be considered salvage value under (a) or (b) above. If New England Hydro's recommendation to terminate, cancel or permanently shutdown is not adopted by the Advisory Committee, New England Hydro shall be paid an amount determined in accordance with this Section 16 and if directed by the Advisory Committee shall transfer its rights, assets, and obligations related to the Transmission Facilities to the Participants or any group or designee thereof. New England Hydro's lease of the right-of-way shall be assigned in connection with such transfer.

If New England Hydro is paid such amount and transfers its rights, assets, and obligations related to the Transmission Facilities to the Participants or any group or designee thereof, New England Hydro shall refund any costs of total or partial demolition and disposal of the Transmission Facilities to such Participants or group or designee thereof.

Section 17. Termination by New England Hydro

If at any time New England Hydro elects and so notifies in writing all Participants that, as a result of a default under Section 15, the Participating Share of a terminated Participant cannot be allocated to Equity Sponsors or their appointees or other Participants pursuant to Section 15B and the aggregate of the Participating Shares of all nonterminated Participants is less than 100%, each such other Participant's participation hereunder shall terminate on a date (effective date of termination) not less than 90 days after the date of New England Hydro's written notice, and each such other Participant on or before the effective date of termination shall pay to New England Hydro an amount calculated in accordance with the second paragraph of Section 16.

Upon termination of this Agreement pursuant to this Section 17, New England Hydro shall offer each Participant which

(i) was not a terminated Participant immediately prior to termination of the Agreement pursuant to this Section 17 and (ii) has paid all amounts due under the first paragraph of this Section 17, an opportunity to participate in a new support agreement, provided that all participants in such new support agreement agree to pay 100% of the costs of service of New England Hydro. The new support agreement will have a term equal to the remaining term of this Agreement. Other provisions of the new support agreement will be substantially similar to those in this Agreement. The investment in the Transmission Facilities under the new support agreement shall be reduced by any amount received as termination payments hereunder which would be properly applied to utility plant accounts in accordance with the Uniform System less any costs of termination or premiums or penalties incurred because of the early retirement of any financing of New England Hydro. Any participant in the new support agreement shall also be a supporter of the AC facilities of New England Power and Boston Edison Company and the transmission facilities of New Hampshire Hydro.

No termination of this Agreement shall relieve any party of any obligation arising prior to making the payment to New England Hydro required by the first paragraph of this Section 17. In addition, notwithstanding the termination of this Agreement for other purposes, this Agreement shall continue in effect to the extent necessary to provide for paying all “windup costs” and final billings, billing adjustments and payments.

Section 18. Debt Service Fund

New England Hydro may establish and maintain at its option a Debt Service Fund with funds which may be borrowed from unaffiliated third parties. The Debt Service Fund may be assigned in connection with a financing by New England Hydro with the Lenders in order to provide assurance to such Lenders that New England Hydro will pay its debt service obligations in a timely manner.

The Debt Service Fund shall not exceed the lesser of (i) the amount required to pay six months of interest on indebtedness plus five percent of the largest principal amount of debt outstanding at any time plus any accrued earnings from investment of the amounts in the Debt Service Fund not yet credited to Support Charges as provided in Section 12 or (ii) the total amount of debt service remaining to be paid.

Section 19. Cash Deficiency Commitment

A. “Cash Deficiency” attributed to a Participant means with respect to any Due Date, the amount by which that Participant’s Participating Share of the aggregation of the principal of, premium, if any, and interest on any of the funds borrowed by New England Hydro from Lenders to finance the Transmission Facilities or the construction thereof and payable on such Due Date (whether at maturity, pursuant to mandatory prepayment, by acceleration or otherwise) exceeds the amount of cash from such Participant’s payments made under any other section of this Agreement and available to New England Hydro for repayment to Lenders of such borrowed funds.

B. If New England Hydro has a Cash Deficiency attributed to a Participant on any Due Date, that Participant agrees that it

shall absolutely and unconditionally guarantee to pay its Cash Deficiency on demand of Lenders, to be paid directly on demand to Lenders, in cash, provided, however, that no Cash Deficiency attributed to a Participant shall include any unpaid obligations hereunder of other Participants.

For purposes of this Section 19, "Due Date" shall mean the date any payments are due and payable under the terms of any indebtedness of New England Hydro with Lenders.

C. Payments by Participants under this section shall be considered by New England Hydro to be prepayments of amounts due or to become due to New England Hydro pursuant to any other section hereof.

Section 20. Miscellaneous

A. Insurance. New England Hydro will at all times during the term of this Agreement keep the Transmission Facilities insured against such risks as electric utility companies, similarly situated, constructing and operating like properties, usually insure against. Any uninsured loss, damage, or liability related to the Transmission Facilities or arising out of New England Hydro's performance hereunder and any expenses in connection with any such loss, damage, or liability shall be deemed to be an expense reimbursable by the Participants in accordance with Section 12. New England Hydro will assist any Participant, at the Participant's expense, in obtaining any other insurance coverage related to the Transmission Facilities that such Participant requires. Upon request, New England Hydro will supply certificates of insurance coverage.

B. Limitation of Liability. For and in consideration of the fact that New England Hydro is undertaking to design, engineer, procure, install, construct, operate, and maintain the Transmission Facilities for and on behalf of Participants without any compensation or charge other than the payments provided under this Agreement, no Participant shall be entitled to recover from New England Hydro or any affiliate or any shareholder, director, officer, employee, or agent of New England Hydro or any affiliate, any damages resulting from error or delay, whether or not due to negligence, in the design, engineering, procurement, installation or construction of the Transmission Facilities, or for any damage to the Transmission Facilities, any curtailment of power, or any other damages of any kind, including but not limited to consequential damages, arising out of or in connection with the performance of this Agreement by New England Hydro. Notwithstanding the above limitation, if New England Hydro is found by a court of competent jurisdiction to have intentionally violated this Agreement in a material manner or to have acted hereunder in a grossly negligent manner and if such court finding is final and no longer subject to appeal, then the Participants shall be entitled to recover from New England Hydro direct damages (but not consequential or any other damages) resulting from such material intentional violation or gross negligence, unless New England Hydro's actions or omissions have been expressly approved in advance by the Advisory Committee. New England Hydro will use its best efforts to enforce all contracts related to the construction and operation of the Transmission Facilities for the benefit of New England Hydro and the Participants.

C. Audit. New England Hydro will arrange for an annual audit to be performed by an independent public accounting firm of recognized standing selected by New England Hydro. The costs of the annual audit will be included in the operating expenses under Section 12. The books and records of New England Hydro (including metering records) shall be open to reasonable inspection and audit by any Participant. The costs of any such additional audit, including the costs of New England Hydro in connection with such audit, shall be borne by the Participant or Participants requesting such audit. New England Hydro will promptly make any reasonable corrections necessitated as a result of the annual audit or an additional audit.

D. Cost Reimbursement. In the event New England Hydro reasonably incurs any costs not provided for elsewhere herein in connection with or as a result of planning, organizing, documenting, construction, suspensions, rescheduling, cancellation, operation, maintenance, shutdown, demolition, disposition, or termination of the Transmission Facilities, or otherwise arising in connection with this Agreement, each Participant shall promptly reimburse to New England Hydro, within 15 days of the mailing date of the invoice, its Participating Share of such costs. However, New England Hydro will endeavor to finance any additional costs, to the extent such additional costs are properly capitalizable, over the shorter of the then remaining useful life of the Transmission Facilities, the remaining term of the Agreement, or the remaining term of its permanent financing.

E. Uncontrollable Force. No delay or failure in the performance of any obligation by New England Hydro shall be deemed to exist if it is the result of an “uncontrollable force”. The term “uncontrollable force” shall be deemed to mean any cause beyond the reasonable control of New England Hydro, which New England Hydro could not reasonably have been expected to avoid by exercise of due diligence and foresight, including, without limiting the generality of the foregoing, storm, flood, lightning, earthquake, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor disturbance, sabotage, war, national emergency, or restraint by court or public authority. In such event, New England Hydro shall use reasonable diligence to notify the Participants of such event.

F. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of the parties and shall also be binding, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any party. Except (i) for a reallocation resulting from a default as provided in Section 15, (ii) for a sale, merger, or consolidation which is approved by New England Hydro and results in the transfer of substantially all of a Participant’s assets to, and the assumption of all of the Participant’s obligations hereunder by, an electric utility which is a member of NEPOOL, and (iii) for an assignment by New England Hydro to a NEES affiliate of New England Hydro which expressly assumes New England Hydro’s rights and obligations hereunder and acquires the Transmission Facilities, and (iv) for a transfer of any or all of a Participant’s Participating Share prior to the Effective Date as provided in Section 4A hereof, no assignment of this Agreement shall operate to relieve the assignor of its obligations under this Agreement without the written consent of the parties hereto. In addition to New England Hydro’s right to assign to an affiliate, New England Hydro may assign, without the consent of the Participants, its right,

title, and interest in this Agreement, in whole or in part, and any security interests contained herein or granted hereunder, to one or more banks, investment banking firms, insurance companies, other financial institutions, or others as collateral security for New England Hydro's obligations in connection with financing the Transmission Facilities. Written notice to all parties will be given prior to any assignment hereunder.

G. Right of Setoff. No Participant shall be entitled to set off against the payments required to be made by it hereunder (1) any amounts owed to it by New England Hydro, any affiliate of New England Hydro, any Equity Sponsor, or any other Participant or (2) the amount of any claim by it against New England Hydro, any affiliate of New England Hydro, any Equity Sponsor, or any other Participant. However, the foregoing shall not affect in any other way any Participant's rights and remedies with respect to any such amounts owed to it by New England Hydro, any affiliate of New England Hydro, any Equity Sponsor, or any other Participant or any such claim by it against New England Hydro or any other Participant.

H. Amendments. New England Hydro shall have the right to amend the provisions of Section 12 hereof from time to time by serving an appropriate statement of such amendment upon the Participants and filing the same with the Federal Energy Regulatory Commission (or such other regulatory agency as may have jurisdiction) in accordance with the provisions of applicable laws and any rules and regulations thereunder, and the amendment shall thereupon become effective on the date specified therein, subject to any suspension order duly issued by such agency. The Participants have the right to intervene in any regulatory proceeding brought by New England Hydro to consider such amendment of the provisions of Section 12.

Any amendments changing the Participating Shares of the Participants, the rights of the Participants or a Participant as specified in Section 11, or the several nature of the obligations and rights of the Participants hereunder as specified in Section 5, shall require consent by all parties. All other amendments to this Agreement shall be by mutual agreement of New England Hydro and Participants owning Participating Shares aggregating at least 66 2/3%, evidenced by a written amendment signed by New England Hydro and such Participants; and New England Hydro and all Participants shall be bound by any such amendment.

I. Notices. Except as the parties may otherwise agree, any notice, request, bill, or other communication, relating to this Agreement, or the rights, obligations or performance of the parties hereunder, shall be in writing and shall be effective upon delivery. Any such communication shall be considered as duly delivered when delivered in person or mailed by registered or certified mail, postage prepaid, to the respective post office address of the other parties shown following the signatures of such other parties hereto, or such other address as may be designated by written notice given as provided in this paragraph I.

J. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts.

K. Other.

- (1) No action, regardless of form, arising out of this Agreement may be brought by any party hereto more than three years after the cause of action has arisen.
- (2) In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.
- (3) All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, and regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation.
- (4) Each party shall, upon request of another party, execute and deliver any document reasonably required to implement any provision hereof.
- (5) Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.
- (6) This Agreement, with the other Basic Agreements, Preliminary Quebec Interconnection Support Agreement - Phase II, the agreements with Hydro-Quebec regarding Phase II, and the basic agreements covering Phase I shall constitute the entire understanding among the parties and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.
- (7) This Agreement is the act and obligation of the parties hereto in their corporate or governmental capacity, and any claim hereunder against any shareholder, director, officer, employee, or agent of any party, as such, is expressly waived.

Section 21. Refund of Gain on Sale or Other Disposition of Transmission Facilities

In the event that any of the Transmission Facilities are sold or otherwise disposed of during the term of this Agreement, if the Net Proceeds (defined as the amount received from such sale or disposition less all costs relating to or resulting from such sale or disposition, including without limitation any income taxes relating to or resulting from such sale or disposition, any premiums and penalties incurred because of the early retirement of any indebtedness associated with the sold or disposed of Transmission Facilities, and any costs of total or partial demolition of the sold or otherwise disposed of Transmission Facilities) from such sale or disposition exceed the greater of (i) the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) or (ii) the then total capital of New England Hydro (as defined in Section 12), New England Hydro shall (a) refund to the then current Participants, in proportion to their then current Participating Shares, any such excess, and (b) credit to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition). The total capital of New England Hydro, for the purposes of this section, may exceed the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) due to (1) any reserve for deferred income taxes paid by New England Hydro or (2) for

other reasons related to the investment in the Transmission Facilities. If the Net Proceeds do not exceed the greater of (i) or (ii) above, the Net Proceeds will be credited to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities in lieu of payment to the Participants. The Participants agree to flow through any such refunds to their customers and shall seek any necessary regulatory approvals to reflect in their rates any such refunds and the effect of any such credits to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities; except that to the extent that a Participant’s customers’ rates have not reflected all or a portion of that Participant’s share of the costs of the Transmission Facilities, then that Participant agrees that a complete flow-through of such refunds may not be appropriate and that particular Participant shall seek any necessary regulatory approvals for the appropriate disposition of an appropriate portion of such refunded amounts or credits.

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed by their duly authorized officers or agents.

COMPANY

By: _____
It’s President

Address XXXXX
XXXXX

VELCO SCHEDULE 1

<u>Vermont Phase II Participant</u>	<u>1980 Kilowatthour Load</u>	<u>Percentage Interest</u>
Central Vermont Public Service Corporation	1,895,922,200	58.1197
Citizens Utilities Company	184,496,600	5.6558
Franklin Electric Light Company, Inc.	7,159,900	0.2195
Green Mountain Power Corporation	1,174,519,500	36.0050

Schedule I

Vermont Electric Power Company, Inc. Contracting Electric Systems

Central Vermont Public Service Corporation
Citizens Utilities Company
Franklin Electric Light Company, Inc.
Green Mountain Power Corporation

Schedule II

Massachusetts Municipal Wholesale Electric Company Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

Except as provided below, if any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of Participants and 1980 kilowatthour load will be appropriately modified.

Participant	1980 Kilowatthour Load
The Connecticut Light and Power Company	16,002,437,000
Western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0
New England Power Company	15,444,975,840 (a), (b)
Boston Edison Company (Edison)	9,531,773,000 (b), (c)
Central Maine Power Company	6,053,571,000
Public Service Company of New Hampshire	5,043,242,871 (d)
The United Illuminating Company	4,715,078,120
Vermont Electric Power Company	3,262,098,200
Canal Electric Company	3,227,553,000
Montaup Electric Company	3,096,872,000 (e)

Bangor Hydro-Electric Company	1,305,625,118	
Connecticut Municipal Electric Energy Cooperative	718,177,538	
UNITIL Power Corp.	609,873,261	(f)
Massachusetts Municipal Wholesale Electric Company	470,025,000	
Town of Reading Municipal Light Department	401,795,000	
Newport Electric Corporation	382,745,000	
Fitchburg Gas and Electric Light Co.	369,055,118	
Taunton Municipal Lighting Plant	307,460,361	
City of Chicopee Municipal Lighting Plant	279,273,169	
Town of Braintree Electric Light Department	267,289,000	
City of Peabody Municipal Light Plant	245,010,000	
City of Westfield Gas & Electric Light Department	219,026,000	
City of Holyoke Gas & Electric Light Department	214,448,000	
Town of Danvers Electric Department	206,806,000	
Town of Shrewsbury Electric Light Department	146,303,000	
Hudson Light and Power Department	127,808,000	
Town of Wakefield Municipal Lighting Department	107,609,000	
Town of Hingham Municipal Lighting	103,929,000	
Town of South Hadley Electric Light Department	99,981,000	
Town of North Attleborough Electric Department	93,816,000	
Town of Middleborough Gas and Electric Department	92,081,000	
Town of Holden Municipal Light Department	63,676,000	
Town of West Boylston Municipal Lighting Department	43,974,000	
Town of Sterling Municipal Electric Department	24,510,000	
Town of Groton Electric Light Department	22,908,000	
Town of Boylston Municipal Light Department	17,324,000	
Town of Rowley Municipal Light Department	13,551,000	
Princeton Municipal Light Department	7,130,000	
Town of Concord Municipal Light Plant	0	(c)
	<hr/>	
	76,698,146,596	

- (a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.
- (b) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.
- (c) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, Concord shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.
- (d) Includes New Hampshire retail 1980 kilowatthour load of 4,939,218,744.
- (e) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.
- (f) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

Description of the Transmission Facilities

The Transmission Facilities will include the following:

- (1) the continuation of a single circuit \pm 450 kV DC line on an existing right-of-way from the New Hampshire state line at Tyngsboro to Sandy Pond Substation in Ayer, a distance of 12.1 miles;
- (2) the converter terminal (1800 MW) and the site thereof to be located in the vicinity of the Sandy Pond substation;
- (3) electric power equipment and associated structures in the switchyard at the converter terminal location;
- (4) communication equipment located in Massachusetts; and
- (5) such other facilities in Massachusetts as approved by the Advisory Committee.

ATTACHMENT C

Forms of the following documentation:

1. Opinion of Counsel
2. Certificate
3. Incumbency and Signature Certificate
4. Directors' Vote

[Please note - governmental entities may make appropriate modifications to these documents to reflect that they are not corporations.]

[Form of Opinion of Counsel for Each Utility Participant]

New England Hydro-Transmission
Electric Company, Inc.;
New England Hydro Transmission
Corporation; or
New England Power Company

Gentlemen:

This opinion is furnished in connection with the execution and delivery by ____ (the Company) of the following Agreements:

_____.

We have acted as counsel to the Company, one of the Utility Participants, in connection with the execution and delivery of the Basic Agreements. We participated in reviewing and/or drafting the Agreements.

As general [special] counsel to the Company, we are generally familiar with its affairs. [If special counsel is giving the opinion, describe relationship to the Company.] We have reviewed the proceedings taken by the Company in connection with its authorization, execution, and delivery of the Agreements and any documentation supplied by the Company thereunder. We have also examined executed counterparts of the Agreements, have made such other investigation, and have examined such other records and documents, and have made such examination of law and satisfied ourselves as to such other matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below.

Based upon and subject to the foregoing and to the further qualifications in this opinion, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of [the jurisdiction of its incorporation], has the corporate power to own its assets and to transact the business in which it is engaged, and is duly qualified as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

2. The Company has (and in the case of the Agreements at the time of execution and delivery thereof, had) full corporate power, and legal right to execute, deliver and perform the Agreements, and the Company has taken all necessary corporate action to authorize the execution, delivery, and performance by it of the Agreements.

3. The execution, delivery, and performance by the Company of the Agreements do not (a) contravene the Company's [charter documents] or by-laws, (b) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, or award known to us by which the Company is bound, (c) violate any indenture, instrument, or agreement known to us by which the Company is bound, or (d) result in or require the creation or the imposition of any lien pursuant to the provisions of any indenture, instrument, or agreement known to us by which the Company is bound.

4. No authorization, approval, consent, or other action by, and no notice to or filing with, any federal, state, or other governmental authority or regulatory body which has not been obtained or given and is not in full force and effect is required for the valid and lawful execution, delivery, and performance by the Company of the Agreements. [In this connection, to the extent it may be required by law, the approval of the Massachusetts Department of Public Utilities [Connecticut PUC, or other] has been given for the Agreements and the Company's performance thereunder by order(s) dated _____, which remains in full force and effect.]

5. The Agreements have each been duly executed and delivered by the Company and constitute the legal, valid, and binding obligations of the Company enforceable against it in accordance with their respective terms.

6. No action, suit, proceeding, or investigation at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened against or affecting the Company or its property or rights which, if adversely determined, would materially impair the ability of the Company to perform its obligations under the Agreements is known to us.

Our opinion that the Agreements are enforceable, each in accordance with the terms thereof, is qualified to the extent that the enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, and similar laws of general application affecting the rights and remedies of creditors and secured parties, and to the further extent that the availability of the remedies of specific enforcement, injunctive relief, or any other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

Very truly yours,

CERTIFICATE

I, (insert name), the Clerk (or Secretary or other principal recording officer) of (insert name of Utility Participant), a (insert state of organization) (the "Company") do hereby certify that:

(1) Attached hereto as Exhibit A is a true and correct copy of a vote duly adopted at a meeting of the Board of Directors of the Company, duly called and held on _____, _____, and that such vote and the authority vested thereby have not been amended or revoked and are still in full force and effect.

(2) Attached hereto as Exhibit B is a true and correct copy of the Articles of Organization (or other charter documents) of the Company, as amended and in effect as of the date of this Certificate.

(3) Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company, as amended and in effect as of the date of this Certificate.

(4) The persons (or person) listed on Exhibit D have been duly elected to the offices set forth adjacent to their respective names since the first day of June, 1985, and the signatures adjacent to their respective names are the genuine signatures of said officers.

IN WITNESS WHEREOF, I have placed my hand and the seal of the Company this _____ day of _____, _____.

By: _____

Name:

Title:

CONFIRMATION OF INCUMBENCY AND SIGNATURE OF
CLERK, SECRETARY, OR OTHER PRINCIPAL RECORDING OFFICER

I, (name), (title) of the Company, do hereby certify that (name of officer executing certificate) is and at all times subsequent to _____, _____, has been the duly elected (title) of the Company and that the signature adjacent to his (or her) name is the genuine signature of said officer.

By: _____

Name:

Title:

FORM OF DIRECTORS' VOTE APPROVING AGREEMENTS

VOTED:

That in connection with this Company's participation in the Phase II expansion of the proposed interconnection between the New England Power Pool companies and Hydro-Quebec, the execution and delivery on behalf of this Company by _____, President, of the following agreements: (being collectively referred to in this vote as "Agreements") copies of which Agreements have been presented at this meeting, are hereby authorized, approved, ratified, and confirmed, and that the officers of this Company are further authorized severally to take any and all such further actions including the execution and delivery of such further documents, as such officers or any of them may deem necessary or appropriate in connection with the actions and documents authorized by this vote.

ATTACHMENT E

Subscription Process for Determining
Initial Participating Shares

After allocation of up to 10% of the Participating Shares pursuant to Section 4(B)(1) and (2), the remaining shares shall be allocated to Participants as follows:

- a. Each Participant shall be entitled to a pro rata share of the remainder based on its 1980 Kwh load as a percentage of all Participants' 1980 Kwh loads.
- b. Upon execution of this Agreement, each Participant may subscribe for more or less than its share under (a) above.

- c. If there are no undersubscriptions or oversubscriptions under (b) above or if the sum of the shares under (a) or (b) above for all Participants equals 100% of such remaining shares, then each Participant shall have a share as determined under (a) or (b) above. (For the purposes of this section, oversubscription shall mean, with respect to any Participant, a subscription under (b) above of more than its share under (a) above. For the same purposes, undersubscription shall mean, with respect to any Participant, a subscription under (b) above of less than its share under (a) above. The amount of such oversubscription shall be equal to (b) minus (a) and the amount of such undersubscription shall be equal to (a) minus (b).)
- d. If there are undersubscriptions but no oversubscriptions or if there are oversubscriptions but no undersubscriptions, then each Participant shall have a share as determined under (a) above.
- e. If the net result of subtracting the aggregate amount of all undersubscriptions from the aggregate amount of all oversubscriptions is greater than zero, the aggregate amount of all oversubscriptions must be reduced to the aggregate amount of all undersubscriptions. This amount shall be referred to as the total permitted amount of oversubscriptions. Each oversubscriber shall initially be allocated a share of the total permitted amount of oversubscriptions (pro rata by the 1980 kwh loads of the oversubscribers); provided that no oversubscriber shall be allocated more than its requested amount under (b) above. Any remaining unallocated portion of the total permitted amount of oversubscriptions shall be allocated to all oversubscribers that have not yet reached their requested amount under (b) above pro rata by the differences between their requested amounts under (b) above and their amounts allocated thus far under this section (d).
- f. If the net result of subtracting the aggregate amount of all oversubscriptions from the aggregate amount of all undersubscriptions is greater than zero, the aggregate amount of all undersubscriptions must be reduced to the aggregate amount of all oversubscriptions. This amount shall be referred to as the total permitted amount of undersubscriptions. The total permitted amount of undersubscriptions shall be allocated to the undersubscribers pro rata by the amounts of their undersubscriptions.

ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the Transmission Facilities, Equity Sponsors have provided credit support for the project in excess of their Participating Shares. This enhances New England Hydro's ability to finance the project. The status of a Participant as a Credit Enhanced Participant that receives credit enhancement or not will be determined in connection with, and as of the date of commitment for, each debt financing, including any construction financing, in accordance with Section 1 hereof, and the Credit Enhancement Charge will be determined with respect to each such financing and will continue to be paid as long as the financing is outstanding and as long as any accrued unamortized Credit Enhancement Charges for said Participant remain outstanding.

An "investment grade" Participant is defined in this Agreement as a Participant which has outstanding junior long-term debt securities which have qualified debt ratings by two of the three major rating agencies. An "investment grade" Participant is also defined as a Participant which has a Participating Share of four-tenths of one percent (0.4%) or less and which has outstanding junior long-term debt securities having a rating from only one of the three major rating agencies with that rating being a qualified debt rating. (For these purposes, the outstanding junior long-term debt securities of a Participant shall mean (i) its outstanding long-term debentures, or (ii) if no long-term debentures are outstanding, its most junior outstanding long-term mortgage or revenue bonds, or (iii) if no long-term debentures, mortgage bonds or revenue bonds are outstanding, its most junior outstanding long-term debt.) "Qualified debt ratings" are defined as a minimum rating of Baa3 by Moody's Investors Service, BBB- by Standard & Poor's Corporation and D&P 10 by Duff & Phelps, Inc.

Any "substitute credit enhancement" shall mean, with respect to any New England Hydro debt financing, including any construction financing (i) a letter of credit from a commercial bank having capital, surplus, and undivided profits of at least \$250 million and a credit rating of "AA" or better in form and substance satisfactory to New England Hydro or (ii) a credit support that is equivalent to (i) above which is satisfactory in form and substance to New England Hydro, or (iii) a guarantee from an Equity Sponsor which at that time the guarantee is made satisfies the requirements to be an Equity Sponsor as set forth in section 4 of the Equity Funding Agreements; provided that such enhancement is irrevocable until the final maturity of such debt financing, including any optional extensions thereof. The first time that a Participant supplies substitute credit enhancement under this Agreement or under the Phase II Massachusetts Facilities Support Agreement, the substitute credit enhancement shall also cover such Participant's share of the debt obligations of New England Power Company and Boston Edison Company relating to their respective AC Facilities and the term of such credit enhancement shall extend for the full term of the then remaining depreciation period for the AC facilities supported under

such AC Facilities Support Agreements.

The principal amount of such substitute credit enhancement shall equal that Participant’s Participating Share of the maximum amount of obligations under such New England Hydro debt financing plus, if not already provided in connection with any other debt financing of New England Hydro or New Hampshire Hydro, that Participant’s Participating Share of the maximum amount of debt obligations of New England Power Company and Boston Edison Company relating to the AC Facilities as determined by New England Power and Boston Edison, respectively.

For any substitute credit enhancement that covers that Participant’s Participating Share of the debt obligations of Boston Edison Company and New England Power Company relating to the AC Facilities, such substitute credit enhancement shall provide for direct payment to New England Power and Boston Edison, respectively, of the amounts included therein for covering such debt obligations.

As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge, as calculated in connection with each debt financing is required to be paid by the Participants. If a Participant is a Credit Enhanced Participant by reason of below-investment grade, withdrawn or suspended debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Participant will be paid by all Participants with each Participant paying its Participating Share thereof; provided, however, that if a Participant is a Credit Enhanced Participant due to lack of debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Participant shall be paid by such Participant.

The Credit Enhancement Charge (E) attributed to a Credit Enhanced Participant is a dollar value determined monthly for each Credit Enhanced Participant by the following formula:

$$E = \sum_{i=1}^n F_i$$
$$\text{where } F_i = \left(\frac{G}{100} \times H_i \times \frac{I_i}{100} \times 0.8 \times \frac{1}{12} \right) + J_i$$

- F = the Credit Enhancement Charge for each New England Hydro debt financing that is credit enhanced for the Participant.
- i = a number from 1 to n representing each of New England Hydro debt financings.
- n = total number of such financings.
- G = the Participant’s Participating Share (in percent)
- H = the maximum outstanding amount of New England Hydro debt during the month which was credit enhanced for such Participant
- I = debt premium (in percent) for the Credit Enhanced Participant as shown in the following table:

<u>Participant’s</u> <u>Debt Rating*</u>	<u>I(%)</u>
Below B3 or not rated	7.57
B3	5.32

B2	4.82
B1	4.32
Ba3	3.82
6a2	3.32
Ba1	2.82

* Debt rating shall be the lower of the two highest ratings assigned to the Participant's outstanding junior long-term debt securities by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the commitment date of such New England Hydro debt financing. If the Participant has a Participating Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for such Participant shall be that rating converted to a Moody's equivalent as measured at the commitment date of such New England Hydro debt financing.

J = an amount calculated as follows:

During the period from the Effective Date to the Date of Full Support Payment, J shall equal 0 and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Participant during such period with interest calculated at New England Hydro's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Participant shall be treated as if it represented additional investment in the Transmission Facilities relating only to such Participant. As a result J shall include monthly amounts attributable to such Participant (whether or not it continues to be a Credit Enhanced Participant after the Date of Full Support Payment and whether or not the debt being enhanced continues to be outstanding) representing amortization of such previously accrued amount (with amortization over the period that the investment in the Transmission Facilities is being amortized) plus one-twelfth of the composite percentage (as defined in Section 12 hereof) times the unamortized accrued amount plus a provision for income taxes.

ATTACHMENT G
FORM OF
EQUITY FUNDING AGREEMENT
FOR

NEW ENGLAND HYDRO-TRANSMISSION ELECTRIC COMPANY, INC.

This AGREEMENT dated as of June 1, 1985, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro) and the New England entities listed in Attachment A hereto. New England Power Company is signing this Agreement only with respect to the commitments made to it by the Equity Sponsors under Section 10 hereof. Those New England entities that have executed this Agreement and that meet the further conditions for participation and qualification hereunder are hereinafter referred to as Equity Sponsors or individually as an Equity Sponsor. The Equity Sponsors are sometimes referred to collectively herein, but their rights and obligations hereunder are several and not joint as described in Section 6 hereof.

In consideration of the premises, the concurrent execution of the other Basic Agreements hereinafter referred to, the mutual covenants hereinafter and therein set forth, and other good and valuable consideration, receipt whereof is hereby acknowledged, it is hereby agreed as follows:

Section 1. Basic Understandings and Purpose

New England utilities are currently participating in the arrangements for the Phase I interconnection planned by the New England Power Pool (NEPOOL) with Hydro-Quebec, which is to consist of a ± 450 kV HVDC transmission line from a terminal at the DES Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a substation at the Comerford Generating Station on the Connecticut River (hereinafter referred to as Phase I). The basic arrangements covering the portion of Phase I in the United States are set forth in the New England Power Pool Agreement, as amended (the NEPOOL Agreement) and three contracts among the participants in Phase I as follows:

- (1) Vermont Transmission Line Support Agreement, dated as of December 1, 1981, as amended, with Vermont Electric Transmission Company, Inc.
- (2) Phase I Terminal Facilities Support Agreement, dated as of December 1, 1981, as amended, with New England Electric Transmission Corporation, and
- (3) Agreement With Respect To Use Of Quebec Interconnection, dated as of December 1, 1981, as amended, including the restatement thereof in connection with Phase II (this Agreement as restated to cover Phase II is hereinafter referred to as the Use Agreement).

These Phase I interconnection facilities are currently under construction with completion scheduled during 1986.

With the completion of arrangements for Phase I and the related contracts with Hydro-Quebec, the members of NEPOOL have conducted studies of the benefits of an expanded interconnection for NEPOOL with Hydro-Quebec (Phase II) and have negotiated with Hydro-Quebec a firm energy arrangement to utilize the expanded interconnection facilities.

The portion of Phase II in the United States will consist of an extension of the Phase I DC transmission line from the proposed terminus of Phase I at the Comerford Station through New Hampshire to a site in Massachusetts with additional terminal facilities installed at that site to increase the total transfer capacity between Hydro Quebec and NEPOOL from the 690 MW of Phase I to approximately 2000 MW. Reinforcements to the existing AC transmission system of New England Power and to certain AC facilities of Boston Edison Company will also be required. The United States portion of the Phase II facilities will be designated as pool-planned facilities in the same manner as the United States portion of the Phase I facilities was so designated.

Each Equity Sponsor acknowledges that it has been represented on the Executive and Planning Committees of NEPOOL that had responsibility for evaluating the feasibility of Phase II and, through this representation, actively participated in the decision of NEPOOL to go forward with Phase II. Furthermore, each Equity Sponsor represents that it made its own independent investigations

and inquiries as it deemed appropriate and did not rely upon representations (other than those contained in this Agreement) of New England Hydro or its affiliates in deciding to enter into this Agreement.

The share of benefits among the New England utilities associated with Phase II is set forth in the Use Agreement. The Use Agreement also permits each New England utility to make its own entitlement transactions with Hydro Quebec and to use the interconnection for such transactions.

The provisions of the Phase II Massachusetts Transmission Facilities Support Agreement (Massachusetts HVDC Support Agreement) cover the Phase II Massachusetts HVDC transmission line and terminal facilities in Massachusetts. New England Hydro will build, own, operate, and maintain those Massachusetts HVDC transmission facilities.

The portion of the Phase II HVDC transmission line to be constructed in New Hampshire is covered under the Phase II New Hampshire Transmission Facilities Support Agreement (New Hampshire HVDC Support Agreement). New England Hydro—Transmission Corporation (New Hampshire Hydro, an affiliate of New England Hydro) will build, own, operate, and maintain those New Hampshire HVDC transmission facilities.

All improvements and reinforcements to the AC transmission system in Massachusetts necessitated by Phase II are covered under the Phase II New England Power AC Facilities Support Agreement (New England Power AC Support Agreement) and the Phase II Boston Edison AC Facilities Support Agreement (Boston Edison AC Support Agreement).

The provisions of this Agreement cover the commitments of the Equity Sponsors of New England Hydro to contribute equity funds to New England Hydro, to provide certain limited credit support in connection with debt financing of New England Hydro, to provide certain limited credit support in connection with the New England Power AC Support Agreement and the Boston Edison AC Support Agreement, and to accept an allocation of a share of Phase II in the event of a default by certain participating New England utilities under certain other Basic Agreements.

In view of the need to formalize the agreements among the parties at an early date so that (i) binding commitments with Hydro Quebec for Phase II may be made, (ii) binding commitments for ultimate construction and the financing of the United States portion of Phase II may be undertaken consistent with the time schedule anticipated by NEPOOL and with the assurance that commitments among the New England utilities are in place, and (iii) licensing activities may proceed on a schedule that enables completion of such construction consistent with the time schedule anticipated by NEPOOL, the following agreements are concurrently being entered into (the “Basic Agreements”) which collectively set forth rights and obligations with respect to the foregoing undertaking: (1) this Agreement, (2) the Massachusetts HVDC Support Agreement; (3) the New Hampshire HVDC Support Agreement; (4) the Equity Funding Agreement for New Hampshire Hydro; (5) the New England Power AC Support Agreement; (6) the Use Agreement; (7) various amendments to the NEPOOL Agreement relating to the sharing of savings, capability responsibilities, and Pool transmission arrangements; and (8) the Boston Edison AC Support Agreement.

In order to coordinate each participating utility's interest in Phase II to the fullest extent possible, each of the following Basic Agreements have been drafted with the intent that the participating interest of each participating utility will be the same under each agreement: the Massachusetts HVDC Support Agreement, the New Hampshire HVDC Support Agreement, the New England Power AC Support Agreement, the Boston Edison AC Support Agreement, and the Use Agreement. These Basic Agreements also provide that, notwithstanding any provision thereof that may be interpreted to the contrary, the proper interpretation of each of these Basic Agreements is to be consistent with such overriding intent. Each Equity Sponsor acknowledges this overriding intent and agrees that any action by it or its appointee affecting such participating interests shall be the same under this Agreement and the Equity Funding Agreement with New Hampshire Hydro in order to also be consistent with such overriding intent.

Section 2. Conditions Precedent to Effectiveness

The effectiveness of this Agreement, and all rights, obligations, and performance of the signatories hereunder, is subject to (i) New England Electric System (NEES) and other signatories having executed this Agreement committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, and each such signatory having demonstrated by December 30, 1985, to the satisfaction of New England Hydro that is qualified to be an Equity Sponsor pursuant to Section 4, (ii) New England Hydro or New Hampshire Hydro or New England Power or Boston Edison and members of NEPOOL (including Boston Edison and New England Power) serving at least 66-2/3% of the aggregate kilowatthour load served by NEPOOL members in 1980 having executed the other Basic Agreements (except for the Equity Funding Agreement for New Hampshire Hydro and the amendments to the NEPOOL Agreement), (iii) each signatory having also executed the Equity Funding Agreement for New Hampshire Hydro and having the same percentage of New Hampshire Hydro's equity as its Equity Share hereunder, (iv) members of NEPOOL having executed the amendments to the NEPOOL Agreement for Phase II in order that such amendments may become effective in accordance with the NEPOOL Agreement, and (v) each signatory having satisfied the conditions precedent set forth below.

By June 1, 1986, each signatory to this Agreement shall provide certificates and legal opinions from counsel satisfactory to New England Hydro, together with certified copies of related resolutions, consents, approvals, authorizations, and other documents (Documentation) necessary to establish to the satisfaction of New England Hydro that all corporate and regulatory consents, waivers, approvals, authorizations and other actions necessary in connection with performance by such signatory of its obligations under the Agreement have been obtained and are in full force and effect, that the Agreement has been duly authorized, executed, and delivered by such signatory, and that it constitutes a binding commitment by the signatory enforceable in accordance with its terms. Forms of Documentation acceptable to New England Hydro are included in Attachment B hereto. Prior to signing this Agreement, each signatory has provided to New England Hydro a listing of all consents, waivers, approvals, authorizations, and other actions required for that signatory to deliver its Documentation.

Vermont Electric Power Company, Inc. (VELCO) and Massachusetts Municipal Wholesale Electric Company (MMWEC) represent a number of electric systems. If they desire and are qualified to be Equity Sponsors, they shall be deemed to have signed on behalf of those respective systems listed in Schedules I or II, respectively. By March 1, 1986, VELCO and MMWEC will provide New England Hydro with copies of contracts with their respective systems which impose absolute and unconditional obligations on such systems to pay their proportionate shares of all costs or obligation incurred under this Agreement by VELCO or MMWEC, respectively. By that date, VELCO and MMWEC will also provide to New England Hydro as part of their Documentation certificates, legal opinions (from counsel satisfactory to New England Hydro), and other documents in form and substance satisfactory to New England Hydro representing unconditionally that all consents, approvals, and authorizations have been obtained by their contracting systems in connection with each such system's performance of its obligations under its respective contract with VELCO or MMWEC and that each such contract imposes absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively, and has been duly authorized, executed, and delivered and is a binding commitment of such system enforceable in accordance with its terms. If regulatory approvals have not been obtained by March 1, 1986, such representations shall be conditioned upon receipt of regulatory approvals. VELCO and MMWEC will have until June 1, 1986, to receive such approvals and make such representations unconditionally. In order that percentages of participation be consistent among the Basic Agreements, VELCO and MMWEC shall have their contracts with their contracting systems cover the necessary commitments for each Basic Agreement.

All expenses in connection with obtaining and delivering any Documentation under this Agreement, including legal opinions, are to be borne by the signatory incurring such expense. New England Hydro will have no responsibility for any expenses incurred by VELCO and MMWEC in providing Documentation for their respective contracting systems.

Any signatory that fails to meet the requirements of Section 2 by the deadlines contained herein will not be an Equity Sponsor under this Agreement and will not have any rights and obligations hereunder.

New England Hydro by written notice to all signatories may extend any deadline date specified in this Section to a later date, provided that any extension for longer than six months requires the consent of the Advisory Committee under the Massachusetts HVDC Support Agreement.

Section 3. Effective Date and Term

This Agreement shall become effective (the Effective Date) upon the last to occur of the following dates:

- (i) the date that the Equity sponsors, committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, have met the requirements of Section 2; and
- (ii) the date that the last of the other Basic Agreements (excluding the Use Agreement) becomes effective or would become effective but for a condition that its effectiveness is subject to this Agreement becoming effective.

Upon execution and delivery of the Agreement by New England Hydro and NEES and other signatories committing in the aggregate to Equity Shares (as hereinafter defined) equal to no less than 100%, and notwithstanding any provision herein to the contrary, no signatory may terminate its obligations hereunder except in accordance with provisions of this Agreement.

The term of this Agreement shall expire on the alter to occur of the termination dates of the Massachusetts HVDC Support Agreement or the New England Power and Boston Edison AC Support Agreements.

Section 4. Equity Sponsor Qualification

A. In order to enhance New England Hydro's ability to finance its portion of Phase II as required under the Massachusetts HVDC Support Agreement and to enhance the credit support of certain Supporters under the AC Support Agreement, some or all of the New England utilities participating in Phase II whose credit ratings are at least one grade above the lowest investment grade have agreed to provide, or to cause their designees to provide, credit support for those New England utilities participating in Phase II whose credit ratings are below investment grade. NEES and those New England utilities or their designees which have agreed to provide this credit support are the Equity Sponsors of New England Hydro under this Agreement.

B. A Participant under the Massachusetts HVDC Support Agreement or its authorized designee qualifies to be an Equity Sponsor by having its outstanding long-term debentures rated at least one grade above the lowest investment grade rating as of September 1, 1985. If no long-term debentures are outstanding, the ratings used shall be those of such company's most junior long-term mortgage or revenue bonds. If no mortgage bonds, revenue bonds, or debentures are outstanding, the ratings used shall be those of the most junior long-term debt. VELCO shall qualify to be an Equity Sponsor if 80% or more of its common stock is owned by utilities whose debt securities qualify pursuant to this subsection 4(B).

For purposes of this Agreement, "one grade above the lowest investment grade rating" means a rating equal to the following ratings from two of these rating agencies: Standard and Poor's Corporation - Rating BBB; Moodys Investor Service - Rating Baal; and Duff & Phelps - Rating D&P 9 (or the equivalent municipal ratings).

C. A "designee" shall be authorized to be an Equity Sponsor if it is a parent company of such Participant and (i) its debt securities meet the appropriate test specified in B above, or (ii) at least 80% of its consolidated utility revenues are derived from subsidiaries whose debt securities meet the appropriate test specified in B above. (For VELCO, each stockholder of VELCO shall be a parent company of VELCO.) On or before the date of execution of this Agreement, each Participant shall identify its designee, if any.

D. In order that the necessary credit enhancement is provided as specified in A above, the qualification of each Equity Sponsor shall be reviewed by New England Hydro as of the date that the first equity contributions are to be made by such Equity Sponsor. If an Equity Sponsor fails to qualify on such date, appropriate actions and allocations shall be instituted as provided elsewhere in this Agreement.

Section 5. Equity Shares

A. Each Equity Sponsor shall have and be charged with a percentage interest in all rights and obligations hereunder determined in accordance with this Section 5 (which interest is hereinafter referred to as its "Equity Share"). All of the equity of New England Hydro will be owned by the Equity Sponsors in proportion to their Equity Shares.

The Equity Share of each Equity Sponsor shall be computed both initially and as changed from time to time in accordance with the terms hereof, by New England Hydro as hereinafter provided. Such computations shall be made as of the first day of any month in which there is a change in the number of Equity Sponsors or any change in the interest of any Equity Sponsor as herein provided. The initial computation is to be made as of September 15, 1985, and subsequent computations are to be made in any month thereafter in which an interest is modified or terminated due (i) to the failure of a signatory to provide proof that it is qualified to be an Equity Sponsor by December 30, 1985, or (ii) to the failure to provide Documentation by June 1, 1986, or (iii) to the failure to be so qualified on the date the first equity contributions are to be made by such Equity Sponsor, or (iv) to the operation of any provision of this Agreement. All computations shall be final unless there is a manifest error. Such computations of Equity Sponsors' Equity Shares as initially calculated and as changed under (i) and (ii) shall be made pursuant to Attachment C. Changes under (iii) shall be made pursuant to section 5(C) below, and changes under (iv) shall be made pursuant to the appropriate section requiring the change.

B. The Equity Shares on and as of the initial computation date, and as of the date of subsequent computations under subparts (i) and (ii) of the second paragraph of A above, will be calculated as follows:

1. 51% to NEES; and
2. 49% apportioned among the other Equity Sponsors on the basis of the subscription process as described in Attachment C.

(Attachment C provides that each Equity Sponsor may specify a maximum percentage of equity and that such maximum shall remain in effect until June 1, 1986 or such later deadline if extended pursuant to Section 2 hereof.)

C. On the basis of New England Hydro's review of the qualifications of each Equity Sponsor other than NEES as of the date that the first equity contributions are to be made by such Equity Sponsor, if one or more Equity Sponsors are no longer qualified under Section 4, (i) the aggregate Equity Shares of such unqualified Equity Sponsors shall first be offered in writing by New England Hydro to all then qualified Equity Sponsors other than NEES for voluntary subscription, (ii) second, any remaining shortfall shall be allocated pro rata among such qualified Equity Sponsors not including NEES in proportion to their Equity Shares determined as of June 1, 1986, provided that the aggregate of all involuntary allocations under this Section 4(C) to such qualified Equity Sponsors shall not exceed an aggregate Equity Share of 10%, and further provided that the aggregate of all such involuntary allocations to any such Equity Sponsor shall not increase such Equity Sponsor's Equity Share determined as of June 1, 1986, by more than 25% thereof, and (iii) finally, any remaining shortfalls shall be retained pro rata by such no longer qualified Equity Sponsors in proportion to their Equity Shares

determined as of June 1, 1986; provided, however, that NEES and all qualified Equity Sponsors may agree to other allocation arrangements; and further provided that NEES shall not have an Equity Share of less than 51% unless it so consents. (The above deadlines of June 1, 1986 may be extended to a later deadline pursuant to Section 2 hereof.)

All offerings above shall be made in accordance with a voluntary subscription process as specified in New England Hydro's offering letter, and any oversubscriptions will be treated as provided therein.

Section 6. Relationship Among Equity Sponsors

The rights and obligations of the Equity Sponsors hereunder are several, in accordance with their respective Equity Shares, and not joint. The rights and obligations of New England Hydro hereunder are also several and not joint with those of the Equity Sponsors or any one thereof. There is no intention to create by this Agreement, or by any grant, lease, license, or activity related hereto, an association, joint venture, trust, or partnership or to impose on New England Hydro or any Equity Sponsor trust or partnership rights or obligations; and any such implied intention is expressly negated. Except as expressly provided in this Agreement, no Equity Sponsor shall have by virtue of this Agreement or of any such grant, lease, license, or activity the right or power to bind any other Equity Sponsor without its express written consent.

Section 7. Equity Contribution

A. Under the Massachusetts HVDC Support Agreement, New England Hydro has agreed to limit its equity investment to a maximum of 40% of its total capital as of the effective date of that agreement and has agreed to use its best efforts to continue to limit its equity investment to 40% of its total capital during the time that New England Hydro has outstanding debt in its capital structure.

New England Hydro may call from time to time by written notification upon the Equity Sponsors to contribute equity in any of the forms set forth in this Section up to a maximum aggregate amount of \$140 million, provided that Equity Sponsors having 66-2/3% of Equity Shares may agree to increase this maximum aggregate amount; and then all Equity Sponsors shall contribute such requested amount with each Equity Sponsor contributing up to its Equity Share of the new maximum. Any contribution made in response to New England Hydro's call in excess of the maximum aggregate amount, as adjusted from time to time, may be made on a voluntary basis by any contributing Equity Sponsor, and New England Hydro will make an appropriate adjustment in Equity Shares.

B. During the term of this Agreement, New England Hydro has the option from time to time to call for contribution of equity in any of the following forms:

(1) New England Hydro may offer shares of its common stock to its Equity Sponsors and each Equity Sponsor shall subscribe for and purchase, for cash at a price set by New England Hydro, its Equity Share of the common stock so offered.

(2) After each Equity Sponsor owns common stock of New England Hydro, New England Hydro may request that capital contributions be made, and each Equity Sponsor shall contribute to New England Hydro its Equity Share of the total capital contribution so requested.

C. In order that New England Hydro may limit its equity investment to a maximum of 40% of its total capital, New England Hydro may, at its option, from time to time, take any of the following actions:

(1) New England Hydro may repurchase for cash its common stock from Equity Sponsors in amounts that will not change the relative Equity Shares among Equity Sponsors and at a price per share equal to book value per share at the time of repurchase. Each Equity Sponsor shall sell such common stock to New England Hydro in the full amount so requested.

(2) New England Hydro may return any capital contribution previously received from Equity Sponsors in amounts that will not change the relative Equity Shares among Equity Sponsors. Each Equity Sponsor shall accept such return of capital contribution in the full amount so returned.

(3) New England Hydro may pay dividends out of earnings or make liquidating dividends to the Equity Sponsors.

D. New England Hydro shall give written notice of any call for contributions of equity under B above to each Equity Sponsor. Such notice shall specify the amount to be contributed, the form of the contribution, and a date, at least thirty days after the date of the notice, that the equity is to be contributed. New England Hydro will provide annually estimates of its equity requirements and estimated dates when any equity contributions hereunder will be due. New England Hydro shall give written notice of any action to reduce its equity under C above to each Equity Sponsor. Such notice shall specify the amount and form of the reduction and a date, at least fifteen days after the date of the notice, that the reduction in equity is to occur.

E. New England Hydro shall use the proceeds of any equity contribution under this Agreement for the sole purpose of meeting its capital requirements under the Massachusetts HVDC Support Agreement.

F. All transactions under B, up to a maximum aggregate amount of \$140 million, and under C above shall be subject to receipt of all necessary regulatory approvals, and New England Hydro and the Equity Sponsors shall use their best efforts to obtain, or to assist in obtaining, these approvals in advance of the Effective Date.

G. New England Hydro shall have two classes of common stock, both of which will have the same preferences, qualifications, special or relative rights or privileges, except that only one class shall have voting powers. Equity Shares allocated to NEES shall be evidenced by voting common stock. The Equity Shares allocated to each other Equity Sponsor shall, at the option of such Equity Sponsor, be evidenced by shares of voting common stock or non-voting common stock. Any reallocation of Equity Shares pursuant to Section 5 hereof shall be effected in such manner as to involve the issuance of additional common stock to each Equity Sponsor of the class then held by such Sponsor. Such election to take voting or non-voting stock shall be made in writing to New England Hydro by December 31, 1985.

H. Notwithstanding any provision of this Agreement to the contrary, prior to the date that New England Hydro first calls for equity contributions from all Equity Sponsors, all equity of New England Hydro will be owned and contributed by NEES.

Section 8. Cash Deficiency Guarantee

A. The Massachusetts HVDC Support Agreement provides that, if New England Hydro has, on any Due Date, a Cash Deficiency attributed to a Participant, the Participant absolutely and unconditionally guarantees to pay its Cash Deficiency on demand of Lenders. (The commitment is made in section 19 of that Agreement.) To provide further credit support to New England Hydro, each Equity Sponsor absolutely and unconditionally guarantees to pay its then Equity share of the Cash Deficiency attributed to any Credit Enhanced Participant (as defined in the Massachusetts HVDC Support Agreement) with respect to any third party debt financing of New England Hydro that was credit enhanced for such Participant, with such amounts to be paid directly on demand to Lenders, in cash, if for any reason a Credit Enhanced Participant fails to pay when due its Cash Deficiency on demand of Lenders. Each Equity Sponsor agrees that its obligations under this Section shall be continuing, absolute, and unconditional and without the benefit of any defense, claim, set-off, recoupment, abatement, or other right, existing or future, which an Equity Sponsor may have against the Lenders, New England Hydro, or any other person, and shall remain in full force and effect until all of the obligations of New England Hydro to the Lenders have been discharged.

Each Equity Sponsor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of any Lender or New England Hydro or any other Equity Sponsor, protest or notice with respect to this guarantee, and covenants that the obligations contained in this guarantee will not be discharged except by complete performance of the obligations of New England Hydro to the Lenders.

B. Notwithstanding any other provision contained herein, each Equity Sponsor's obligations under this Section 8 shall be limited to its Equity Share of the Cash Deficiency attributed to any Credit Enhanced Participant with respect to any financing of any New England Hydro that was credit enhanced for such Participant.

C. In no event shall the several guarantees of the Equity Sponsors attributable to Credit Enhanced Participants for each debt financing of New England Hydro exceed in the aggregate 35% of the aggregate amount of the obligations relating to such financing, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such 35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

D. In no event shall Equity Sponsors be required to provide guarantees for a Participant with respect to a particular third party debt financing of New England Hydro if that would result in Credit Enhanced Participants with respect to that and all other outstanding financings of New England Hydro and New Hampshire Hydro having Participating Shares exceeding 35% under the Massachusetts HVDC Support Agreement, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such 35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

E. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals

required for the several guarantees made in this Section.

Section 9. Acceptance of Participating Shares

A. In accordance with section 15 of the Massachusetts HVDC Support Agreement, if a Participant that is a Credit Enhanced Participant is terminated by New England Hydro as a Participant, each Equity Sponsor or its appointee shall be allocated by New England Hydro its then Equity Share of the Participating Share of such terminated Participant; such allocation to be made as of the date of such termination. Each Equity Sponsor or its appointee shall accept such allocation from New England Hydro and shall unconditionally and absolutely assume the rights and obligations associated therewith from the date of such allocation. If a Participant that was not also a Credit Enhanced Participant is terminated, then acceptance of any allocation shall be voluntary by any Equity Sponsor or its appointee and shall be in accordance with New England Hydro's offer thereof. If required by New England Hydro, any Equity Sponsor or its appointee assuming rights and obligations under the Massachusetts HVDC Support Agreement shall execute and deliver any documents necessary to effectuate such assumption. If any Equity Sponsor that is the designee of a Participant is unable to deliver these documents to effectuate the assumption, such Equity Sponsor shall take all actions necessary for the Participant that so designated it as an Equity Sponsor to assume such rights and obligations as its appointee.

The appointee of NEES shall be New England Power Company. The appointee(s) of any other Equity Sponsor shall be the Participant(s) for which such Equity Sponsor was acting as a designee. Each Equity Sponsor agrees that if its appointee is allocated a Participating Share under the Massachusetts HVDC Support Agreement, such Equity sponsor shall also allocate to it an equal participating share and support share under the New Hampshire HVDC Support Agreement and New England Power and Boston Edison AC Support Agreements, respectively.

B. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for performance of its or its appointee's commitments made in this Section.

Section 10. Commitments under the AC Support Agreements

A. In accordance with sections 4 of the New England Power and Boston Edison AC Support Agreements, if a Credit Enhanced Supporter thereunder is terminated, each Equity Sponsor or its appointee shall be allocated its then Equity Share of the Support Share of such terminated Supporter; such allocation to be made as of the date of such termination. Each Equity Sponsor or its appointee shall accept such allocation made by New England Power and Boston Edison and shall unconditionally and absolutely assume the rights and obligations associated therewith from the date of such allocation. If a Supporter under the AC Support Agreements which is not also a Credit Enhanced Supporter is terminated, then acceptance of any allocation shall be voluntary by any Equity Sponsor or its appointee and shall be made in accordance with New England Power's and Boston Edison's offer thereof. If required by New England Power or Boston Edison, any Equity Sponsor or its appointee assuming rights and obligations under the AC Support Agreements shall execute and deliver any documents necessary to effectuate such assumption. If any Equity Sponsor that is a

designee of a Participant is unable to deliver these documents to effectuate the assumption, such Equity Sponsor shall take all actions necessary for the Participant that so designated it as an Equity Sponsor to assume such rights and obligation as its appointee.

The appointee of NEES shall be New England Power Company. The appointee(s) of any other Equity Sponsor shall be the Supporter for which such Equity Sponsor was acting as a designee. Each Equity Sponsor agrees that if its appointee is allocated a Support Share under the New England Power and Boston Edison AC Support Agreements, such Equity Sponsor shall also allocate to it an equal participating share under the New Hampshire HVDC Support Agreement and Massachusetts HVDC Support Agreement, respectively.

B. Recognizing the need to provide additional financial security to induce New England Power, Boston Edison, and the Supporters to undertake the substantial obligations of these AC Support Agreements, each Equity Sponsor agrees that it shall absolutely and unconditionally pay (or cause its appointee to pay), promptly upon request and in addition to any Support Share payment, its then Equity Share of any unpaid amounts attributed to a Credit Enhanced Supporter as specified in, and in accordance with, sections 14 of these AC Support Agreements (excluding any amounts due pursuant to sections 17 and 18 thereof).

C. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for performance of its commitments made in this Section.

Section 11. Character of Payment Obligations

The obligations of each Equity Sponsor to make payments hereunder, and to perform and observe all other agreements on its part contained herein, are absolute and unconditional and shall not be affected by any circumstances, including, without limitation, (i) any insolvency, composition, bankruptcy, reorganization, arrangement, liquidation or similar proceedings relating to New England Hydro, New England Power Company, Boston Edison Company, the Equity Sponsor, any other Equity Sponsor, or any affiliate thereof, (ii) any invalidity or unenforceability or disaffirmance by New England Hydro or any Equity Sponsor of any provision of this Agreement or any failure, omission, delay, or inability of New England Hydro to perform any of its obligations contained herein, (iii) any amendment, extension, or other change of, or any assignment or encumbrance of any rights or obligations under, this Agreement, or any waiver or other action or inaction, or any exercise or nonexercise of any right or remedy, under or in respect to this Agreement, or (iv) any inability of the Equity Sponsor or any other Equity Sponsor to obtain regulatory approvals for financing its Equity Share of any obligations under this Agreement, it being the intention of the parties hereto that all amounts payable by each Equity Sponsor in respect of this Agreement shall begin to be payable and shall continue to be payable in all events in the manner and at the time herein provided. In that connection, each Equity Sponsor hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, or surrender any of its obligations under this Agreement.

Section 12. Default

A. Any of the following events (Events of Default) that occur and are continuing are Events of Default:

(i) An Equity Sponsors shall fail to pay to New England Hydro when due any amount which it has agreed to pay under any provision of this Agreement, and such failure shall continue for more than 15 days after written notice thereof has been given to such Equity Sponsor by New England Hydro; or

(ii) Any Equity Sponsor shall fail to supply in accordance with the terms hereof any documentation required by New England Hydro in connection with financing with Lenders by New England Hydro (for VELCO and MMWEC, this includes documentation for their respective contracting electric systems), and such failure shall continue for more than 30 days after written notice of such failure has been given to such Equity Sponsor by New England Hydro; or

(iii) An Equity Sponsor shall fail to perform any other obligation under this Agreement in accordance with the terms hereof, and such failure shall continue for more than 30 days after written notice thereof has been given to such Equity Sponsor or any of its affiliates by New England Hydro.

(iv) Any Equity Sponsor shall experience an event of default under the Equity Funding Agreement for New Hampshire Hydro.

B. If an Event of Default under Section 12A(i) above shall have occurred, New England Hydro may, by written notice to each Equity Sponsor, request that the nondefaulting Equity Sponsors on a voluntary basis make the overdue payment to New England Hydro, provided that similar voluntary payments are made under the Equity Funding Agreement for New Hampshire Hydro.

C. New England Hydro or any Equity Sponsor shall be free to invoke such remedies at law or in equity as may be deemed appropriate against any Equity Sponsor that defaults under this Agreement.

Section 13. Restrictions on Transfer of Common Stock

Each Equity Sponsor agrees that it will not transfer any or all of its common stock of New England Hydro to any other person unless such person is an Equity Sponsor or meets the requirements for being an Equity Sponsor under sections 4B or 4C hereof as of the date of such transfer and a similar transfer is made under the Equity Funding Agreement for New Hampshire Hydro.

Section 14. Dividends on Common Stock

Any Equity Sponsor may direct New England Hydro to withhold the payment of a dividend to such Equity Sponsor and apply such dividend to reduce the current or the next Support Charge payment required to be made under the Massachusetts HVDC Support Agreement by such Equity Sponsor or its appointee.

Section 15. Restrictions on Dividends. Return of Capital and Repurchase of Common Stock

Any Equity Sponsor which is in default hereunder pursuant to Section 12 is not entitled to receive any amounts from New England Hydro representing such Equity Sponsor's then Equity Share of dividends, return of capital, or proceeds from any repurchase of common stock until all amounts (including interest thereon at an annual rate equal to two percent over the current interest rate on

prime commercial loans from time to time in effect at the principal office of the First National Bank of Boston) owed by such Equity Sponsor to New England Hydro have been paid.

Section 16. Certain Actions of New England Hydro

A. New England Hydro shall not take any of the following actions without prior written approval of Equity Sponsors having at that time at least 80% of the Equity Shares:

- (i) Amend New England Hydro's articles of organization or by-laws to adversely affect the rights of the Equity Sponsors as stockholders in a material manner under the Basic Agreements, unless such amendment is required by regulation or law; and
- (ii) Merge, consolidate, or sell all or substantially all of the assets of New England Hydro not otherwise permitted by the Massachusetts HVDC Support Agreement.

B. New England Hydro shall distribute in a timely manner to each Equity Sponsor copies of (a) its annual audited financial statements, (b) notices of all of its directors' and stockholders' meetings (including any committees thereof), and (c) minutes of all of its directors' and stockholders' meetings.

Section 17. Miscellaneous

A. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of the parties and shall also be binding, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any party. No assignment of this Agreement shall operate to relieve the assignor of its obligations under this Agreement without the written consent of the parties hereto. Written notice to all parties will be given prior to any assignment hereunder.

Notwithstanding the above, New England Hydro may collaterally assign this Agreement without the consent of the Equity Sponsors in connection with a third party financing by New England Hydro.

B. Right of Setoff. No Equity Sponsor shall be entitled to set off against the payments required to be made by it hereunder (1) any amounts owed to it by New England Hydro, any affiliate of New England Hydro, or any other Equity Sponsor, or (2) the amount of any claim by it against New England Hydro, any affiliate of New England Hydro, or any other Equity Sponsor. However, the foregoing shall not affect in any other way any Equity Sponsor's rights and remedies with respect to any such amounts owed to it by New England Hydro, any affiliate of New England Hydro, or any other Equity Sponsor or any such claim by it against New England Hydro or any other Equity Sponsor.

C. Amendments. Any amendments changing the Equity Shares of the Equity Sponsors or the several nature of the obligations and rights of the Equity Sponsors hereunder as specified in Section 6, shall require consent by all parties. In the event that an Equity Sponsor is obligated to acquire Equity Shares hereunder and does not pay for such Shares, then such Shares will not be

issued to him and such Equity Sponsor's Equity Share will be reduced accordingly. All other amendments to this Agreement shall be by mutual agreement of New England Hydro and Equity Sponsors owning Equity Shares aggregating at least 80%, evidenced by a written amendment signed by New England Hydro and such Equity Sponsors; and New England Hydro and all Equity Sponsors shall be bound by any such amendment.

D. Notices. Except as the parties may otherwise agree, any notice, request, bill, or other communication relating to this Agreement, or the rights, obligations or performance of the parties hereunder, shall be in writing and shall be considered as duly delivered when delivered in person or mailed by registered or certified mail, postage prepaid, to the respective post office address of the other parties shown following the signatures of such other parties hereto, or such other address as may be designated by written notice given as provided in this paragraph D.

E. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts.

F. Other.

(1) No action, regardless of form, arising out of this Agreement may be brought by any party hereto more than three years after the cause of action has arisen.

(2) In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

(3) All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, and regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation.

(4) Each party shall, upon request of another party, execute and deliver any document reasonably required to implement any provision hereof.

(5) Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.

(6) This Agreement, with the other Basic Agreements, Preliminary Quebec Interconnection Support Agreement - Phase II, the agreements with Hydro-Quebec regarding Phase II, and the basic agreements covering Phase I shall constitute the entire understanding among the parties and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.

(7) Terms defined in the Massachusetts HVDC Support Agreement and the New England Power and Boston Edison AC Support Agreements used in this Equity Funding Agreement shall be incorporated herein as defined in such Agreements unless the context indicates otherwise.

(8) This Agreement is the act and obligation of the parties hereto in their corporate or governmental capacity, and any claim

hereunder against any shareholder, director, officer, employee, or agent of any party, as such, is expressly waived.

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its

Address: XXXXXX
XXXXXX

With respect to the Equity Sponsors' commitments under Section 10 hereof, New England Power Company hereby acknowledges these commitments.

COMPANY

By: _____

ATTACHMENT A

List of Equity Sponsors

New England Hydro will supply a list of Equity Sponsors as of the date of initial computation and as of each date thereafter that the list changes.

ATTACHMENT B

Forms of the following documentation:

1. Opinion of Counsel
2. Certificate
3. Incumbency and Signature Certificate

4. Directors' Vote

[Please note - governmental entities may make appropriate modifications to these documents to reflect that they are not corporations.]

[Form of Opinion of Counsel for Each Utility Participant]

New England Hydro-Transmission
Electric Company, Inc.;
New England Hydro-Transmission
Corporation; or
New England Power Company

Gentlemen:

This opinion is furnished in connection with the execution and delivery by _____ (the Company) of the following Agreements: _____.

We have acted as counsel to the Company, one of the Utility Participants, in connection with the execution and delivery of the Basic Agreements. We participated in reviewing and/or drafting the Agreements.

As general [special] counsel to the Company, we are generally familiar with its affairs. [If special counsel is giving the opinion, describe relationship to the Company.] We have reviewed the proceedings taken by the Company in connection with its authorization, execution, and delivery of the Agreements and any documentation supplied by the Company thereunder. We have also examined executed counterparts of the Agreements, have made such other investigation, and have examined such other records and documents, and have made such examination of law and satisfied ourselves as to such other matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below.

Based upon and subject to the foregoing and to the further qualifications in this opinion, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of [the jurisdiction of its incorporation], has the corporate power to own its assets and to transact the business in which it is engaged, and is duly qualified as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

2. The Company has (and in the case of the Agreements at the time of execution and delivery thereof, had) full corporate power, and legal right to execute, deliver and perform the Agreements, and the Company has taken all necessary corporate action to authorize the execution, delivery, and performance by it of the Agreements.

3. The execution, delivery, and performance by the Company of the Agreements do not (a) contravene the Company's [charter documents] or by-laws, (b) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, or award known to us by which the Company is bound, (c) violate any indenture, instrument, or agreement known to us by which the Company is bound, or (d) result in or require the creation or the imposition of any lien pursuant to the provisions of any indenture, instrument, or agreement known to us by which the Company is bound.

4. No authorization, approval, consent, or other action by, and no notice to or filing with, any federal, state, or other governmental authority or regulatory body which has not been obtained or given and is not in full force and effect is required for the valid and lawful execution, delivery, and performance by the Company of the Agreements. [In this connection, to the extent it may be required by law, the approval of the Massachusetts Department of Public Utilities [Connecticut PUC, or other] has been given for the Agreements and the Company's performance thereunder by order(s) dated _____, which remains in full force and effect.]

5. The Agreements have each been duly executed and delivered by the Company and constitute the legal, valid, and binding obligations of the Company enforceable against it in accordance with their respective terms.

6. No action, suit, proceeding, or investigation at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened against or affecting the Company or its property or rights which, if adversely determined, would materially impair the ability of the Company to perform its obligations under the Agreements is known to us.

Our opinion that the Agreements are enforceable, each in accordance with the terms thereof, is qualified to the extent that the enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, and similar laws of general application affecting the rights and remedies of creditors and secured parties, and to the further extent that the availability of the remedies of specific enforcement, injunctive relief, or any other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

Very truly yours,

CERTIFICATE

I, (insert name), the Clerk (or Secretary or other principal recording officer) of (insert name of Utility Participant), a (insert state of organization) (the "Company") do hereby certify that:

(1) Attached hereto as Exhibit A is a true and correct copy of a vote duly adopted at a meeting of the Board of

Directors of the Company, duly called and held on _____, _____, and that such vote and the authority vested thereby have not been amended or revoked and are still in full force and effect.

(2) Attached hereto as Exhibit B is a true and correct copy of the Articles of Organization (or other charter documents) of the Company, as amended and in effect as of the date of this Certificate.

(3) Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company, as amended and in effect as of the date of this Certificate.

(4) The persons (or person) listed on Exhibit D have been duly elected to the offices set forth adjacent to their respective names since the first day of June, 1985, and the signatures adjacent to their respective names are the genuine signatures of said officers.

IN WITNESS WHEREOF, I have placed my hand and the seal of the Company this
____ day of _____, _____.

By_____

Name:

Title:

CONFIRMATION OF INCUMBENCY AND SIGNATURE OF CLERK, SECRETARY, OR OTHER PRINCIPAL RECORDING OFFICER

I, (name), (title) of the Company, do hereby certify that (name of officer executing certificate) is and at all times subsequent to _____, _____, has been the duly elected (title) of the Company and that the signature adjacent to his (or her) name is the genuine signature of said officer.

By_____

Name:

Title:

FORM OF DIRECTORS' VOTE APPROVING AGREEMENTS

VOTED: That in connection with this Company's participation in the Phase II expansion of the proposed interconnection between the New England Power Pool companies and Hydro-Quebec, the execution and delivery on behalf of this Company by _____, President, of the following agreements: (being collectively referred to in this vote as "Agreements") copies of which Agreements have been presented at this meeting, are hereby authorized, approved, ratified, and confirmed, and that the officers of this Company are further authorized severally to take any and all such further actions including the execution and delivery of such further documents, as such officers or any of them may deem necessary or appropriate in connection with the actions and documents authorized by this vote.

ATTACHMENT C

Subscription Process for Determining Equity Shares under Section 5(B)

After allocation of 51% of the Equity Shares to NEES pursuant to Section 5(B)(1), the Equity Shares shall be allocated to Equity sponsors other than NEES as follows:

- (a) Each other Equity Sponsor shall be entitled to a pro rata share of the remainder based on the Participating Share of such Equity Sponsor or the Participant(s) that has designated it as an Equity Sponsor as a percentage of Participating Shares of all other Equity Sponsors or such Participants as shown in the New Hampshire HVDC Support Agreement. For the purpose of this calculation, the Participating Share of each Equity Sponsor designated by VELCO shall be deemed to be a pro rata share of VELCO's Participating Share based on the ratio of such Equity Sponsor's 1980 kwh load to the aggregate 1980 kwh load of all Equity Sponsors designated by VELCO.
- (b) Upon execution of this Agreement, each other Equity Sponsor may subscribe for more or less than its share under (a) above.
- (c) Upon execution of this Agreement, each other Equity Sponsor may specify a maximum limit on its share of such remainder that would apply to any allocations made on or before June 1, 1986 or such later deadline date as is fixed pursuant to Section 2 hereof.
- (d) If there are no undersubscriptions or oversubscriptions under (b) above or if the sum of the shares under (a) or (b) above for all Equity Sponsors equals 100% of such remaining shares, then each Equity Sponsor shall have a share as determined under (a) or (b) above. (For the purposes of this attachment, oversubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of more than its share under (a) above. For the same purposes, undersubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of less than its share under (a) above. The amount of such oversubscription shall be equal to (b) minus (a) and the amount of such undersubscription shall be equal to (a) minus (b).)
- (e) If there are undersubscriptions but not oversubscriptions or if there are oversubscriptions but no undersubscriptions, then each Equity Sponsor shall have a share as determined under (a) above; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.
- (f) If the net result of subtracting the aggregate amount of all undersubscriptions from the aggregate amount of all oversubscriptions is greater than zero, the aggregate amount of all oversubscriptions must be reduced to the aggregate amount of all undersubscriptions. This amount shall be referred to as the total permitted amount of oversubscriptions. Each oversubscriber shall initially be allocated a share of the total permitted amount of oversubscriptions (pro rata by the Participating Shares of the oversubscribers or their designators as shown in the New Hampshire HVDC Support Agreement); provided that no oversubscriber shall be allocated more than its requested amount under (b) above. Any remaining unallocated portion of the total permitted amount of oversubscriptions shall be allocated to all oversubscribers that have not yet reached their requested amount under (b) above pro rata by the differences between their requested shares under (b) above and their shares as heretofore allocated.

- (g) If the net result of subtracting the aggregate amount of all oversubscriptions from the aggregate amount of all undersubscriptions is greater than zero, the aggregate amount of all undersubscriptions must be reduced to the aggregate amount of all oversubscriptions. This amount shall be referred to as the total permitted amount of undersubscriptions. The total permitted amount of undersubscriptions shall be allocated to the undersubscribers pro rata by the amounts of their undersubscriptions; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.
- (h) If Equity Shares are required to be changed pursuant to subpart (i) or (ii) of Section 5(a), this reallocation shall be accomplished in accordance with this Attachment G on the basis of the subscriptions initially made under (b) and the maximum limits specified under (c) by each continuing Equity Sponsor, and giving effect to the termination of any Equity Sponsor pursuant to said subpart (i) or (ii).

CONFORMED

AMENDMENT NO. 1
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of May 1, 1986, is between New England Hydro-Transmission Corporation (New Hampshire Hydro), and the New England utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985 (the "New Hampshire DC Support Agreement"), and amends the New Hampshire DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the New Hampshire DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings there provided.
2. Attachments A and F of the New Hampshire DC Support Agreement are hereby deleted and replaced with the Attachments A and F attached hereto.
3. This Amendment shall become binding upon New England Hydro and the Participants-when it has been executed by New England Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its

Address: XXXXXX
XXXXXX

NH-5/29/86

ATTACHMENT A

If any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of participants and 1980 kilowatthour load will be appropriately modified.

Participant	1980 Kilowatthour Load
Fitchburg Gas and Electric Light Co.	369,055,118
The United Illuminating Company	4,715,078,120
New England Power Company (NEP)	15,444,975,840 (a), (d)
Bangor Hydro-Electric Company	1,305,625,118
Canal Electric Company	3,227,553,000
Public Service Company of New Hampshire	5,043,242,871
Central Maine Power Company	6,053,571,000
Vermont Electric Power Company	3,262,098,200
Boston Edison Company (Edison)	9,531,773,000 (c), (d)
City of Chicopee Municipal Lighting Plant	279,273,169
The Connecticut Light and Power Company	16,002,437,000
Western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0
Newport Electric Corporation	382,745,000
Montaup Electric Company	3,096,872,000 (b)
Connecticut Municipal Electric Energy Cooperative	718,177,538
Massachusetts Municipal Wholesale Electric Company (MMWEC)	483,576,000 (c), (f)
Taunton Municipal Lighting Plant	307,460,361
UNITIL Power Corp.	609,873,261 (e)
Town of Peabody Municipal Light Plant	245,010,000 (f)
Town of Holden Municipal Light Department	63,676,000 (f)
Hudson Light and Power Department	127,808,000 (f)
Town of Middleborough Gas and Electric Department	92,081,000 (f)
Town of Braintree Electric Light Department	267,289,000 (f)
Town of Hingham Municipal Lighting Plant	103,929,000 (f)
Town of Boylston Municipal Light Department	17,324,000 (f)
Town of North Attleborough Electric Department	93,816,000 (f)
Town of Wakefield Municipal Lighting Department	107,609,000 (f)

City of Westfield Gas & Electric Light Department	219,026,000 (f)
Town of Danvers Electric Department	206,806,000 (f)
Town of West Boylston Municipal Lighting Plant	43,974,000 (f)
City of Holyoke Gas & Electric Light Department	214,448,000 (f)
Town of Reading Municipal Light Department	401,795,000 (f)
Town of Concord Municipal Light Plant	0 (c), (f)
Town of Groton Electric Light Department	22,908,000 (f)
Princeton Municipal Light Department	7,130,000 (f)
Town of Shrewsbury Electric Light Department	146,303,000 (f)
Town of Sterling Municipal Electric Department	24,510,000 (f)
Town of South Hadley	99,981,000 (f)

(a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.

(b) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.

(c) (1) Concord Municipal Light Plant has elected to be a direct signatory to this Agreement. However, if it does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required, Concord will be grouped with MMWEC. (2) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, either Concord or MMWEC, whichever is appropriate, shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.

(d) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.

(e) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

(f) The amount shown for any of these municipal utilities will be added to MMWEC's amount if such municipal (i) does not receive the required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, and (ii) elects at that time to be grouped with MMWEC.

5/29/86

ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the Transmission Facilities, Equity Sponsors have provided credit support for the project in excess of their Participating Shares. This enhances New Hampshire Hydro's ability to finance the project. As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge, as calculated in connection with each debt financing, is required to be paid by each Credit Enhanced Participant which has its credit enhanced for such debt financing. The status of a Participant as a Credit Enhanced Participant that receives credit enhancement or not will be determined in connection with, and as of the date of commitment for, each debt financing, including any construction financing, in accordance with Section 1 hereof, and the Credit Enhancement Charge will be determined with respect to each such financing and will continue to be paid as long as the financing is outstanding and as long as any accrued unamortized Credit Enhancement Charges for said Participant remain outstanding.

An "investment grade" Participant is defined in this Agreement as a Participant which has outstanding junior long-term debt securities which have qualified debt ratings by two of the three major rating agencies. An "investment grade" Participant is also defined as a Participant which has a Participating Share of four-tenths of one percent (0.4%) or less and which has outstanding junior long-term debt securities having a rating from only one of the three major rating agencies with that rating being a qualified debt rating. (For these purposes, the outstanding junior long-term debt securities of a Participant shall mean (i) its outstanding long-term debentures, or (ii) if

no long-term debentures are outstanding, its most junior outstanding long-term mortgage or revenue bonds, or (iii) if no long-term debentures, mortgage bonds or revenue bonds are outstanding, its most junior outstanding long-term debt.)’ “Qualified debt ratings” are defined as a minimum rating-of Baa3 by Moody’s Investors Service, BBB- by Standard & Poor’s Corporation and D&P 10 by Duff & Phelps, Inc.

Any “substitute credit enhancement” shall mean, with respect to any New Hampshire Hydro debt financing, including any construction financing (i) a letter of credit from a commercial bank having capital, surplus, and undivided profits of at least \$250 million and a credit rating of “AA” or better in form and substance Satisfactory to New Hampshire Hydro or (ii) a credit support that is equivalent to (i) above which is satisfactory in form and substance to New Hampshire Hydro, or (iii) a guarantee in form and substance satisfactory to New Hampshire Hydro from an Equity Sponsor which at that time the guarantee is made satisfies the requirements to be an Equity Sponsor as set forth in section 4 of the Equity Funding Agreements; provided that such enhancement is irrevocable until the final maturity of such debt financing, including any optional extensions thereof. The first time that a Participant supplies substitute credit enhancement under this Agreement or under the Phase II Massachusetts Facilities Support Agreement, the substitute credit enhancement shall also cover such Participant’s share of the debt obligations of New England Power Company and Boston Edison Company relating to their respective AC Facilities and the term of such credit enhancement shall extend for the full term of the then remaining depreciation period for the AC facilities supported under such AC Facilities Support Agreements.

The principal amount of such substitute credit enhancement shall equal that Participant’s Participating Share of the maximum amount of obligations under such New Hampshire Hydro debt financing plus, if not already provided in connection with any other debt financing of New v Hydro or New Hampshire Hydro, that Participant’s Participating Share of the maximum amount of debt obligations of New England Power Company and Boston Edison Company relating to the AC Facilities as determined by New England Power and Boston Edison, respectively.

For any substitute credit enhancement that covers that Participant’s Participating Share of the debt obligations of Boston Edison Company and New England Power Company relating to the AC Facilities, such substitute credit enhancement shall provide for direct payment to New England Power and Boston Edison, respectively, of the amounts included therein for covering such debt obligations.

The Credit Enhancement Charge (E) for each Participant that has its credit enhanced is a dollar value determined monthly for each Credit Enhanced Participant by the following formula:

$$E = \sum_{i=1}^n F_i$$

$$\text{where } F_i = \left(\frac{G}{100} \times H_i \times \frac{I_i}{100} \times 0.8 \times \frac{1}{12} \right) + J_i$$

F = the Credit Enhancement Charge for each New England Hydro debt financing that is credit enhanced for the Participant.

i = a number from 1 to n representing each of New Hampshire Hydro debt financings.

n = total number of such financings.

G = the Participant’s Participating Share (in percent)

H = the maximum outstanding amount of New Hampshire Hydro debt during the month which was credit enhanced for such Participant

I = debt premium (in percent) for the Credit Enhanced Participant as shown in the following table:

<u>Participant's Debt Rating*</u>	<u>I(%)</u>
Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
6a2	3.32
Ba1	2.82

* Debt rating shall be the lower of the two highest ratings assigned to the Participant's outstanding junior long-term debt securities by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the commitment date of such New Hampshire Hydro debt financing. If the Participant has a Participating Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for such Participant shall be that rating converted to a Moody's equivalent as measured at the commitment date of such New Hampshire Hydro debt financing.

J = an amount calculated as follows:

During the period from the Effective Date to the Date of Full Support Payment, J shall equal O and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Participant during such period with interest calculated at New Hampshire Hydro's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Participant shall be treated as if it represented additional investment in the Transmission Facilities relating only to such Participant. As a result J shall include monthly amounts attributable to such Participant (whether or not it continues to be a Credit Enhanced Participant after the Date of Full Support Payment and whether or not the debt being enhanced continues to be outstanding) representing amortization of such previously accrued amount (with amortization over the period that the investment in the Transmission Facilities is being amortized) plus one-twelfth of the composite percentage (as defined in Section 12 hereof) times the unamortized accrued amount plus a provision for income taxes.

CONFORMED

AMENDMENT NO.2
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of February 1, 1987, is between New England Hydro-Transmission Corporation (New Hampshire Hydro), and the New England utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1, dated as of May 1, 1986 (the "New Hampshire DC Support Agreement"), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the New Hampshire DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings there provided.
2. Attachment D of the New Hampshire DC Support Agreement is hereby deleted and replaced with the following

Attachment D:

“ATTACHMENT D

1. “Return on Equity” shall be the return on equity on file with the FERC and in effect under the Federal Power Act. Any filing of a return on equity by New Hampshire Hydro shall be subject to Section 2 of this Attachment D or, if Section 2 is not accepted by the FERC, then any such filing shall be subject to Section 3 of this Attachment D.

2. New Hampshire Hydro shall request from the FERC a rate of return on equity determined by the applicable formula in Section 4 of this Attachment D. In February of each year following the initial filing of this Agreement with the FERC, New Hampshire Hydro shall file with the FERC a revised Exhibit 1 to this Attachment D, reflecting a new “Y” for the initial formula in Section 4, below. The value of “Y” shall be added to the fixed 1.9% value of “P”, which represents a levelized premium over the life of the project to reflect the unique risks of the project in addition to the risks encountered by a typical utility. New Hampshire Hydro shall request that the revised Exhibit 1 be made effective on February 1, of the calendar year in which the filing is made, without suspension. Each Participant agrees not to intervene in opposition to a change in “Y” filed by New Hampshire Hydro in accordance with this Section 2.

3. If Section 2 of this Attachment D is not accepted by the FERC, New Hampshire Hydro shall from time to time request from the FERC a specific rate of return on equity. Each Participant agrees not to intervene in opposition to a request for a rate of return on equity filed by New Hampshire Hydro on or before the tenth anniversary of the Date of Full Support Payment if such rate is equal to or lower than the rate that would have been determined under the applicable provision of such Section 4. Nothing in this Section 3 shall affect (i) the right of New Hampshire Hydro to request a rate of return on equity greater than that determined in accordance with such Section 4, or (ii) the right of any Participant to intervene in opposition to any such request.

4. The formula for the rate of return on equity referred to in Section 2 or Section 3 of this Attachment D, whichever is accepted by the FERC, shall be as follows:

$$R = Y + P$$

where:

R = the requested return on equity;

Y = the FERC generic return on equity in effect for filings made as of the date of the filing as set out in Exhibit 1 to this Attachment D;

P = 1.9, which represents a levelized premium to adjust the FERC generic return-for the unique risks of the project in addition to the risks encountered by a typical utility.

The following is a sample calculation of the Return on Equity as of February through April 1987:

$$R = 11.2 + 1.9 - 13.1\%$$

Application of this formula at this time thus yields an initial Return on Equity of 13.1%.

In the event that the FERC generic return on equity is no longer published for rate making purposes, then the following formula shall be used to determine “Y” in the above formula:

$$Y = A + B + C + D$$

where:

(i) A = Weighted average return on the average of three money market indicators

$$A = \frac{.25(E + F + G) + .75(H + I + J)}{3}$$

where:

E = The most recently available yield to maturity for Moody’s “A” rated Public Utility Bonds.

F = The most recently available yield for 10 year Constant Maturity Treasury Bonds.

G = The most recently released figure for the annualized increase in the United States GNP price deflator.

H = The average yield to maturity for the most recently available 36 month period for Moody’s “A” rated Public Utility Bonds4,,

I = The average yield for 10 year Constant Maturity Treasury Bonds for the most recently available 36 month period.

J= The average of the annualized percentage increases in the United States GNP price deflator for the most recent 36 month period.

(ii) B = The average equity premium required for utility stocks over the past 20 years.

$$B = K - \frac{L + M + N}{3}$$

where:

- K = the average for the most recent 20 years of the sum of (i) the average annual yield for Moody's Electric Utility Common Stock, plus (ii) the ten year growth in dividends per share for such group of electric utilities.
- L = the average for the most recent 20 years of yields to maturity for Moody's "A" rated Utility Bonds.
- M = The average for the most recent 20 years of the yield on en year constant maturity treasury bonds.
- N = The average for the most recent 20 years of the average annual percentage change in the United States GNP price deflator.

(iii) C = issuance cost for common equity

C = .05(A + B)

(iv) D = a dilution allowance to compensate the Equity Sponsors of New England Hydro for sale of common shares at a market price below book value

D = a percentage from 0 to 1 determined on a straight line basis where 1 represents the weighted average of the common shares of the Equity Sponsors of New Hampshire Hydro selling at 30% below book and 0 represents those shares selling at book value. Such weighted average shall be calculated by weighting the market to book ratio of each Equity Sponsor by its respective equity ownership share in New Hampshire Hydro. This percentage shall be calculated semiannually as of January 1 and July 1 of each year until the Transmission Facilities goes into commercial operation. Each calculation shall cover the period beginning as of January 1 in the year this Agreement is dated as of and ending as of the date of the calculation. Book value is the average month end book value during a calculation period, and market price is the average of each quarters high and low market price during calculation period. The calculation made as of January or July next preceding the date of commercial operation of the Transmission Facilities will be the percentage used thereafter until the end of the term of this Agreement.

Should any of the indices used in calculating the values of A and B be discontinued, or should the underlying basis for the calculations in any of these indices be modified, New Hampshire Hydro may substitute a substantially similar index for such discontinued or modified index.

Recognizing that this is a long-term contract and that money market conditions can drastically change over time, New Hampshire Hydro retains the option, if the above formulae produce for two consecutive months a number lower than the arithmetic average of the return on common equity approved within the last twelve months by regulatory commissions having jurisdiction over rates for each of the investor owned public electric utilities as reported in the publication "Argus Utility Scope Regulatory Service - Returns Authorized" to use such average return as the Return on Equity. In the event this publication is no longer currently available,

New Hampshire Hydro will use a substantially similar publication which is available.

EXHIBIT 1 TO ATTACHMENT D

In determining the Return on Equity in accordance with the formula set out in Section 4 of Attachment D, the value of “Y” shall be _____. Applying this value of “Y” in the formula and adding it to the fixed 1.9% value of “P”, which represents a levelized premium over the life of the project, yields a Return on Equity of _____%.”

3. Section 6 is hereby amended by inserting in item (ix) of the second paragraph thereof after the words “debt financing” the following:

“or any other financial arrangements”

4. Section 12 of the New Hampshire DC Support Agreement is hereby amended by deleting the seventh paragraph thereof and substituting the following:

“‘Return on Equity’ shall be determined in accordance with Attachment D.”

5. Section 12 of the New Hampshire DC Support Agreement is hereby amended by adding the following sentence to the end of the fourth paragraph thereof:

“The allowance for state and federal income taxes included in operating expenses shall include a provision for taxes on dividends received by stockholders, calculated at the then current statutory rate for corporate stockholders.”

6. This Amendment shall become binding upon New Hampshire Hydro and the Participants when it has been executed by New Hampshire Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.

7. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

CONFORMED

AMENDMENT NO. 3
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of June 1, 1987, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro), and the New England utilities listed in Attachment A to the Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1 dated as of May 1, 1986, and Amendment No. 2, dated as of February 1, 1987, (the "Massachusetts DC Support Agreement"), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Massachusetts DC Support Agreement are used herein with the meanings there provided.
2. Attachment D of the Massachusetts DC Support Agreement is hereby revised by deleting the last sentence of paragraph 2 thereof and by deleting the second and third sentences of paragraph 3 thereof.
3. This Amendment shall become binding upon New England Hydro and the Participants when it has been executed by New England Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
4. Any number of counterparts of this. Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF. the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

CONFORMED

AMENDMENT NO. 4
TO
PHASE II MASSACHUSETTS TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of September 1, 1987, is between New England Hydro—Transmission Electric Company, Inc. (New England Hydro), and the New England utilities listed in Attachment A to the Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1 dated as of May 1, 1966, Amendment No. 2, dated as of February 1, 1987, and Amendment No. 3, dated as of June 1, 1987, (the “Massachusetts DC Support Agreement”), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Massachusetts DC Support Agreement are used herein with the meanings there provided.
2. Section 1 is hereby amended by adding the following clause to the end of the last sentence of the thirteenth paragraph thereof:

“; provided, however, that New England Hydro shall be under no obligation to so limit its equity investment in the event that, after the Date of Full Support Payment (as defined in Section 13) the term of its debt financing or other financing arrangements is less than ten years”.

3. Section 12 is hereby deleted and replaced with the following Section 12.

Section 12. Support Charge

Commencing in the month of the Date of Full Support Payment (as defined in Section 13) and in each month thereafter, each Participant shall pay in accordance with Section 13 its Participating Share of a monthly Support Charge in an amount determined in accordance with this Section 12, plus a credit enhancement charge calculated in accordance with Attachment F. The Support Charge shall be equal to New England Hydro’s total cost of service related to the

Transmission Facilities for such month.

The “total cost of service related to the Transmission Facilities” for any month commencing with the month in which the Date of Full Support Payment occurs shall be the sum of (a) New England Hydro’s operating expenses for such month with respect to the Transmission Facilities, plus (b) an amount equal to one-twelfth of the composite percentage for such month times the average net rate base for the Transmission Facilities, less (c) investment earnings of the Debt Service Fund, as defined in Section 18, realized by New England Hydro, less (d) any other income received by New England Hydro resulting from costs or rate base supported by the Participants other than income received pursuant to (a), (b), or (c) above or Credit Enhancement Charges and other income allocated to Equity Sponsors elsewhere under this Agreement. If a Support Charge payment under Section 13 is to be calculated from a date other than the first day of a month, an appropriate proration of the amount determined in (b) above shall be made for such payment only.

“Uniform System” shall mean the appropriate Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for Public Utilities and Licensees, as from time to time in effect.

New England Hydro’s “operating expenses” shall include all amounts related to the Transmission Facilities and properly chargeable to expense accounts less any applicable credits thereto. in accordance with the Uniform System, including but not limited to operation and maintenance expense such as rent on leased property and administrative and general expenses, state and Federal income and franchise taxes, property taxes, payroll taxes, any other taxes not based on income, and depreciation and/or amortization expense; it being understood that for purposes of this Agreement depreciation and/or amortization shall be at a rate sufficient to recover the investment in the Transmission Facilities (including estimated cost of removal less any salvage value which salvage value, for the purpose of calculating such depreciation or amortization, will not exceed the amount of cost of removal) over the shorter of: (i) the estimated remaining useful life of the Transmission Facilities as determined by New England Hydro or (ii) the term of New England Hydro’s debt financings or other financing arrangements related to the Transmission Facilities, adjusted for multiple maturities and repayment schedules, unless the term of such financing or other financing arrangements is less* than ten years in which case such term shall, for purposes of this subpart (ii), be deemed to be ten years from the Date of Full Support Payment; and it also being understood that rents on leased property shall include the rental of property or property rights related to the Transmission Facilities from any Participant with rent based on book value. In addition, each Participant will pay to New England Power Company, for the benefit of its customers, such Participant’s Participating Share of a monthly charge of \$49,000 to compensate New England Power for the lost capacity on its Massachusetts right-of-way, provided however that no such charge shall be paid during such time as construction or

operation is suspended on account of a defect in title for such rights-of-way. The allowance for state and Federal income taxes included in operating expenses shall reflect the normalization of timing differences and the flow through of permanent differences between book income and tax income. New England Hydro as the tax owner of the Transmission Facilities, will be entitled to the benefits and subject to the burdens of such ownership for tax purposes. The allowance for state and Federal income taxes included in operating expenses shall include a provision for taxes on dividends received by stockholders, calculated at the then current statutory rate for corporate stockholders.

The “investment in the Transmission Facilities” shall be the aggregate amount incurred at any time either before or after commercial operation of the Transmission Facilities which relates to the Transmission Facilities and is properly chargeable to New England Hydro’s utility plant accounts in accordance with the Uniform System. The investment in the Transmission Facilities shall also include operating expenses incurred prior to the month in which the Date of Full Support Payment occurs and an allowance for funds used during the period prior to the Date of Full Support Payment (AFDC) accrued on the investment in the Transmission Facilities. The AFDC rate shall be calculated pursuant to the last FERC approved AFDC formula including in construction work in progress all investment in the Transmission Facilities prior to the Date of Full Support Payment and using 14 percent as the return on equity for such calculation.

“Composite percentage” shall be computed as of the last day of each month (the “computation date”). “Composite percentage” as of a computation date shall be the sum of (i) Return on Equity then in effect multiplied by the percentage which equity investment as of such date is of the total capital as of such date; plus (ii) the average monthly effective interest rate per annum of each principal amount of indebtedness outstanding on such date for money borrowed, whether long term or short term, multiplied by the percentage which each such principal amount is of total capital as of such date. The effective interest rate shall take into account premiums, discounts, fees, and other costs that are related to the indebtedness.

“Return on Equity” shall be the return on equity on file with the FERC and in effect under The Federal Power Act.

“Equity investment” as of any date shall consist of the sum of (i) all amounts theretofore paid to New England Hydro for all capital stock theretofore issued, plus all capital contributions, less the sum of any amounts paid by New England Hydro in the form of stock retirements, repurchases or redemptions or return of capital including liquidating dividends; plus (ii) any credit balance in the capital surplus account not included in (1) and any credit balance in the earned surplus (retained earnings) account on the books of New England Hydro as of such date.

“Total capital” as of any date shall be the equity investment plus the total of all indebtedness then outstanding for money borrowed.

From the Date of Full Support Payment until the first to occur of June 30 or December 31 thereafter, the “average net rate base” for the Transmission Facilities shall be the average of the net rate base determined as of the Date of Full Support Payment and the first to occur of June 30 or December 31 thereafter. Thereafter, for subsequent months of January through June, average net rate base shall be the average of the net rate base as of the preceding December 31 and the following June 30. For other months, average net rate base shall be the average of the net rate base as of the preceding June 30 and the following December 31. The “net rate base” shall consist of (i) the investment in the Transmission Facilities, less (ii) the amount of any accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities, less (or plus) (iii) the amount of any reserve for deferred income taxes received (or paid) by New England Hydro, such deferred income taxes to include deferred income taxes due to accelerated depreciation, construction tax benefits, and any other book/tax timing differences related to the Transmission Facilities, less (iv) the amount of any unamortized investment tax credits (ITC), plus (v) such allowances related to the Transmission Facilities for materials and supplies, prepaid items and cash working capital as may from time to time be determined by New England Hydro, as reasonably necessary and in accordance with accepted utility accounting practice, plus (vi) the amounts held in the Debt Service Fund, as described in Section 18. New England Hydro shall normalize ITC over the depreciation and/or amortization period relating to the Transmission Facilities. Any allowance for cash working capital shall be limited to that not sufficiently recovered through the use of estimated billing for the current month.

[End of Section 12]

4. The Massachusetts DC Support Agreement is hereby amended by adding the following Section 21:

Section 21. Refund of Gain on Sale or Other Disposition of Transmission Facilities

In the event that any of the Transmission Facilities are sold or otherwise disposed of during the term of this Agreement, if the Net Proceeds (defined as the amount received from such sale or disposition less all costs relating to or resulting from such sale or disposition, including without limitation any income taxes relating to or resulting from such sale or disposition, any premiums and penalties incurred because of the early retirement of any indebtedness associated with the sold or disposed of Transmission Facilities, and any costs of total or partial demolition of the sold or otherwise disposed of Transmission Facilities) from such sale or disposition exceed the greater of (i) the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) or (ii) the then total capital of New England Hydro (as defined in Section 12), New England Hydro shall (a) refund to the then current Participants, in proportion to their then current Participating Shares, any such excess, and (b) credit to the accumulated

provision for depreciation and amortization related to the investment in the Transmission Facilities the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition). The total capital of New England Hydro, for the purposes of this section, may exceed the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) due to (1) any reserve for deferred income taxes paid by New England Hydro or (2) for other reasons related to the investment in the Transmission Facilities. If the Net Proceeds do not exceed the greater of (i) or (ii) above, the Net Proceeds will be credited to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities in lieu of payment to the Participants. The Participants agree to flow through any such refunds to their customers and shall seek any necessary regulatory approvals to reflect in their rates any such refunds and the effect of any such credits to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities; except that to the extent that a Participant's customers' rates have not reflected all or a portion of that Participant's share of the costs of the Transmission Facilities, then that Participant agrees that a complete flow-through of such refunds may not be appropriate and that particular Participant shall seek any necessary regulatory approvals for the appropriate disposition of an appropriate portion of such refunded amounts or credits.

[End of Section 21]

5. Attachment D of the Massachusetts DC Support Agreement is hereby deleted.
6. Attachment F of the Massachusetts DC Support Agreement is hereby deleted and replaced with the following Attachment F:

ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the Transmission Facilities, Equity Sponsors have provided credit support for the project in excess of their Participating Shares. This enhances New England Hydro's ability to finance the project. The status of a Participant as a Credit Enhanced Participant that receives credit enhancement or not will be determined in connection with, and as of the date of commitment for, each debt financing, including any construction financing, in accordance with Section 1 hereof, and the Credit Enhancement Charge will be determined with respect to each such financing and will continue to be paid as long as the financing is outstanding and as long as any accrued unamortized Credit Enhancement Charges for said Participant remain outstanding.

An "investment grade" Participant is defined in this Agreement as a Participant which has outstanding junior long-term debt securities which have qualified debt ratings by two of the three major rating agencies. An "investment grade" Participant is also defined as a Participant which has a Participating Share of four-tenths of one percent (0.47%) or less and which has outstanding junior long-term

debt securities having a rating from only one of the three major rating agencies with that rating being a qualified debt rating. (For these purposes, the outstanding junior long-term debt securities- of a Participant shall mean (i) its outstanding long-term debentures, or (ii) if no long-term debentures are outstanding, its most junior outstanding long-term mortgage or revenue bonds, or (iii) if no long-term debentures, mortgage bonds or revenue bonds are outstanding, its most junior outstanding long-term debt.) “Qualified debt ratings” are defined as a minimum rating of Baa3 by Moody’s Investors Service, BBB- by Standard & Poor’s Corporation and D&P 10 by Duff & Phelps, Inc.

Any “substitute credit enhancement” shall mean, with respect to any New England Hydro debt financing, including any construction financing (i) a letter of credit from a commercial bank having capital, surplus, and undivided profits of at least \$250 million and a credit rating of “AA” or better in form and substance satisfactory to New England Hydro or (ii) a credit support that is equivalent to (i) above which is satisfactory in form and substance to New England Hydro, or (iii) a guarantee from an Equity Sponsor which at that time the guarantee is made satisfies the requirements to be an Equity Sponsor as set forth in section 4 of the Equity Funding Agreements; provided that such enhancement is irrevocable until the final maturity of such debt financing, including any optional extensions thereof. The first time that a Participant supplies substitute credit enhancement under this Agreement or under the Phase II Massachusetts Facilities Support Agreement, the substitute credit enhancement shall also cover such Participant’s share of the debt obligations of New England Power Company and Boston Edison Company relating to their respective AC Facilities and the term of such credit enhancement shall extend for the full term of the then remaining depreciation period for the AC facilities supported under such AC Facilities Support Agreements.

The principal amount of such substitute credit enhancement shall equal that Participant’s Participating Share of the maximum amount of obligations under such New England Hydro debt financing plus, if not already provided in connection with any other debt financing of New England Hydro or New Hampshire Hydro, that Participant’s Participating Share of the maximum amount of debt obligations of New England Power Company and Boston Edison Company relating to the AC Facilities as determined by New England Power and Boston Edison, respectively.

For any substitute credit enhancement that covers that Participant’s Participating Share of the debt obligations of Boston Edison Company and New England Power. Company relating to the AC Facilities, such substitute credit enhancement shall provide for direct payment to New England Power and Boston Edison, respectively. of the amounts included therein for covering such debt obligations.

As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge, as calculated in connection with each debt financing is required to be paid by the Participants. If a Participant is a Credit Enhanced Participant by reason of below-investment grade, withdrawn or suspended debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Participant will be paid by all Participants with each Participant paying its Participating Share thereof; provided, however, that if a Participant is a Credit Enhanced Participant due to lack of debt ratings, the Credit Enhancement Charge attributed to that Credit

Enhanced Participant shall be paid by such Participant.

The Credit Enhancement Charge (E) attributed to a Credit Enhanced Participant is a dollar value determined monthly for each Credit Enhanced Participant by the following formula:

$$E = \sum_{i=1}^n F_i$$

$$\text{where } F_i = \left(\frac{G}{100} \times H_i \times \frac{I_i}{100} \times 0.8 \times \frac{1}{12} \right) + J_i$$

F = the Credit Enhancement Charge for each New England Hydro debt financing that is credit enhanced for the Participant.

I = a number from 1 to n representing each of New England Hydro debt financings.

n = total number of such financings.

G = the Participant's Participating Share (in percent)

H = the maximum outstanding amount of New England Hydro debt during the month which was credit enhanced for such Participant

I = debt premium (in percent) for the Credit Enhanced Participant as shown in the following table:

<u>Participant's Debt Rating*</u>	<u>I(%)</u>
Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
6a2	3.32
Ba1	2.82

* Debt rating shall be the lower of the two highest ratings assigned to the Participant's outstanding junior long-term debt securities by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the commitment date of such New England Hydro debt financing. If the Participant has a Participating Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for such Participant shall be that rating converted to a Moody's equivalent as measured at the commitment date of such New England Hydro debt financing.

J + an amount calculated as follows:

During the period from the Effective Date to the Date of Full Support Payment, J shall equal 0 and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Participant during such period with interest calculated at New England Hydro's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Participant shall be treated as if it represented additional investment in the Transmission Facilities relating only to such Participant. As a result J shall include monthly amounts attributable to such Participant (whether or not it continues to be a Credit Enhanced Participant after the Date of Full Support Payment and whether or not the debt being enhanced continues to be outstanding) representing amortization of such previously accrued amount (with amortization over the period that the investment in the Transmission Facilities is being amortized) plus one-twelfth of the composite percentage (as defined in Section 12 hereof) times the unamortized accrued amount plus a provision for income taxes.

[End of Attachment F]

7. This Amendment shall become binding upon New England Hydro and the Participants when it has been executed by New England Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
8. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

CONFORMED'

AMENDMENT NO. 5
TO
PHASE II MASSACHUSETTS TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of October 1, 1987, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro), and the New England utilities listed in Attachment A to the Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1, dated as of May 1, 1986, Amendment No. 2, dated as of February 1, 1987, Amendment No. 3, dated as of June 1, 1987, and Amendment No. 4, dated as of September 1, 1987, (the “Massachusetts DC Support Agreement”), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Massachusetts DC Support Agreement are used herein with the meanings there provided.
2. Section 12 is hereby amended by deleting the first sentence of the fourth paragraph thereof and replacing it with the following sentence:

New England Hydro’s “operating expenses” shall include all amounts related to the Transmission Facilities and properly chargeable to expense accounts less any applicable credits thereto, in accordance with the Uniform System, including but not limited to operation and maintenance expense such as rent on leased property and administrative and general expenses, state and Federal income and franchise taxes, property taxes, payroll taxes, any other taxes not based on income, and depreciation and/or amortization expense; it being understood that unless the FERC, upon application by New England Hydro, authorizes a shorter depreciation and/or amortization period, for purposes of this Agreement depreciation and/or amortization shall be at a rate sufficient to recover the investment in the Transmission Facilities (including estimated cost of removal less any salvage value which salvage value, for the purpose of calculating such depreciation and/or amortization, will not exceed the amount of cost of removal) over the greater of: (i) ten years from the Date of Full Support Payment or (ii) the term of New England Hydro’s permanent debt financings or other permanent financing arrangements related to the Transmission Facilities, adjusted for multiple maturities and repayment schedules; and it also being understood that rents on leased property shall include the rental of property or property rights related to the Transmission Facilities from any Participant with rent based on book value.

3. This Amendment shall become binding upon New England Hydro and the Participants when it has been executed by New England Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXXXX

CONFORMED

AMENDMENT NO. 6
TO
PHASE II MASSACHUSETTS TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of August 1, 1988, is between New England Hydro—Transmission Electric Company, Inc. (New England Hydro), and the New England utilities listed in Attachment A to the Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended (the “Massachusetts DC Support Agreement”), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Massachusetts DC Support Agreement are used herein with the meanings therein provided.
2. Section 1 is hereby amended by deleting the first sentence of the fifteenth paragraph thereof.
3. Section 2 is hereby amended by (i) changing each reference to a “June 1, 1986” deadline to “September 15, 1988” and (ii) changing each reference to a “March 1, 1986” deadline to “September 1, 1988.”
4. Section 2 is hereby amended further by deleting, in the last paragraph thereof, the words “Section 2” and inserting in lieu thereof “Agreement.”
5. Section 4A is hereby amended by deleting the third sentence of the second paragraph thereof and inserting in lieu thereof the following:

“The initial computation of Participating Shares shall be made on the basis that each signatory to this Agreement as shown in Attachment A is a Participant. After such initial computation and before the Effective Date, each Participant shall be entitled to transfer any or all of its Participating Share to one or more other Participants. On or before September 1, 1988, any Participant listed in Attachment A who has transferred, or intends to transfer, any or all of its Participating Share to one or more other Participants listed in Attachment A must provide documentation to New England Hydro covering the transfer. The initial computation is to be recomputed on and as of the Effective Date on the basis that each signatory to this Agreement which has provided timely documentation of its participation or transfer is a Participant. Any such transfers of Participating Shares will be taken into account after such recomputation. Any such transfer of Participating Shares hereunder shall have no effect on the interests, rights, or obligations of participants in Phase I. Subsequent computations are to be made thereafter as of the first day of each month in which an interest is modified or terminated pursuant to any provision hereof.”

6. Section 4B is hereby amended by deleting, in the first sentence thereof, the word “date”.
7. Section 12 is hereby amended by inserting into the second sentence of the fourth paragraph thereof following the words “In addition, each Participant will pay to” the following:

“New England Hydro, and New England Hydro will pay to”
8. Section 14 is hereby amended by adding the following clause to the end of the first sentence thereof:

“; provided, however, that nothing in this Section 14 shall (a) prevent a Participant from transferring its interests and obligations hereunder to another Participant prior to the Effective Date, or (b) impose any continuing liabilities or obligations on said transferring Participant with respect to this Agreement incurred or relating to the period of time after said transferring Participant’s Participating Share has been reduced to zero.”
9. Section 20F is hereby amended by inserting into the second sentence thereof following the words “the Transmission Facilities,” the following:

and (iv) for a transfer of any or all of a Participant’s Participating Share prior to the Effective Date as provided in Section 4A hereof,”
10. The first attached Schedule I is hereby deleted and replaced with the second attached Schedule I.
11. Schedule II to the Agreement is hereby deleted and replaced with the attached Schedule II.
12. Attachment A to the Agreement is hereby deleted and replaced with the attached Attachment A.
- 13 Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as

an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

City of Burlington Electric Department
Central Vermont Public Service Corporation
Citizens Utilities Company
Village of Enosburg Falls Water & Light Department
Franklin Electric Light Company
Green Mountain Power Corporation
Village of Hardwick Electric Department
Village of Ludlow Electric Light Department
Village of Lyndonville Electric Department
Village of Morrisville Water & Light Department
Village of Northfield Electric Department
Village of Stowe Water and Light Department
Village of Swanton
Electric Generation & Transmission .Coop., Inc.
Vermont Marble Company
Washington Electric Cooperative, Inc.

[DELETED]

Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

Central Vermont Public Service Corporation
Citizens Utilities Company
Franklin Electric Light Company, Inc.

Schedule II

Massachusetts Municipal Wholesale Electric Company
Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield. Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

Except as provided below, if any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of participants and 1980 kilowatthour load will be appropriately modified.

Participant	1980 Kilowatthour Load
The Connecticut. Light and Power Company	16,002,437,000
western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0
New. England Power Company	15,444,975,840 (a), (b)
Boston Edison Company (Edison)	9,531,773,000 (b), (c)
Central Maine Power Company	6,053,571,000
Public Service Company of New Hampshire	5,043,242,871 (d)
The United Illuminating Company	4,715,078,120
Vermont Electric Power Company	3,262,098,200
Canal Electric Company	3,227,553,000
Montaup Electric Company	3,096,872,000 (e)
Bangor Hydro-Electric Company	1,305,625,118
Connecticut Municipal Electric Energy Cooperative	718,177,538
UNITIL Power Corp.	609,873,261 (f)
Massachusetts Municipal Wholesale Electric Company	470,025,000

Town of Reading Municipal Light Department	401,795,000
Newport Electric Corporation	382,745,000
Fitchburg Gas and Electric Light Co.	369,055,118
Taunton Municipal Lighting Plant	307,460,361
City of Chicopee Municipal Lighting Plant	279,273,169
Town of Braintree Electric Light Department	267,289,000
City of Peabody Municipal Light Plant	245,010,000
City of Westfield Gas & Electric Light Department	219,026,000
City of Holyoke Gas & Electric Light Department	214,448,000
Town of Danvers Electric Department	206,806,000
Town of Shrewsbury Electric Light Department	146,303,000
Hudson Light and Power Department	127,808,000
Town of Wakefield Municipal Lighting Department	107,609,000
Town of Hingham Municipal Lighting	103,929,000
Town of South Hadley Electric Light Department	99,981,000
Town of North Attleborough Electric Department	93,816,000
Town of Middleborough Gas and Electric Department	92,081,000
Town of Holden Municipal Light Department	63,676,000
Town of West Boylston Municipal Lighting Department	43,974,000
Town of Sterling Municipal Electric Department	24,510,000
Town of Groton Electric Light Department	22,908,000
Town of Boylston Municipal Light Department	17,324,000
Town of Rowley Municipal Light Department	13,551,000
Princeton Municipal Light Department	7,130,000
Town of Concord Municipal Light Plant	0 (c)
	<hr/>
	76,698,146,596

- (a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.
- (b) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.
- (c) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, Concord shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.
- (d) Includes New. Hampshire retail 1980 kilowatthour load of 4,939,218,744.
- (e) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.
- (s) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

TO
PHASE II MASSACHUSETTS TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of January 1, 1989, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro), and the New England utilities listed in Attachment A to the Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended (the "Massachusetts DC Support Agreement"), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provisions of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Massachusetts DC Support Agreement are used herein with the meanings therein provided.
2. Section 2 is hereby amended by inserting the following at the end of the second sentence of paragraph seven thereof:

“, or except with the approval of New England Hydro and New Hampshire Hydro, as required in connection with any financing by MMWEC, the proceeds of which are to be applied exclusively by MMWEC to meet its obligations under Phase II, provided that such grant by MMWEC to its third party lenders shall be on a pari passu basis with the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company, and provided further that MMWEC shall have its third party lenders execute and deliver intercreditor agreements acceptable to the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company providing an appropriate allocation between MMWEC's third party lenders and the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company of payments made under MMWEC's contract with its systems and including appropriate notice provisions.”
3. This amendment shall become effective upon acceptance thereof by the Federal Energy Regulatory Commission.
4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

(COMPOSITE CONFORMED COPY - as amended)

Amendment No. 1-May 1, 1986
Amendment No. 2-February 1, 1987
Amendment No. 3-June 1, 1987
Amendment No. 4-September 1, 1987
Amendment No. 5-August 1, 1988

PHASE II NEW ENGLAND POWER

AC FACILITIES SUPPORT AGREEMENT

Dated as of June 1, 1985

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PHASE II NEW ENGLAND POWER AC FACILITIES SUPPORT AGREEMENT

This AGREEMENT dated as of June 1, 1985, is between New England Power Company (New England Power) and the New England utilities listed in Attachment A hereto. Those New England utilities that have executed this Agreement and that meet the further conditions for participation hereunder and New England Power are hereinafter referred to as Supporters or individually as a Supporter. The Supporters, each of which is a member of the New England Power Pool (NEPOOL), are sometimes referred to collectively herein, but their rights and obligations hereunder are several and not joint as described in Section 5 hereof.

In consideration of the premises, the concurrent execution of the other Basic Agreements hereinafter referred to, the mutual covenants hereinafter and therein set forth, and other good and valuable consideration, receipt whereof is hereby acknowledged, it is hereby agreed as follows:

Section I. Basic Understandings and Purpose

Some or all of the Supporters are participants in the existing arrangements for the Phase I interconnection planned by NEPOOL with Hydro-Quebec, which is to consist of a ± 450 kV HVDC transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a

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substation at the Comerford Generating Station on the Connecticut River (hereinafter referred to as Phase I). The basic arrangements covering the portion of Phase I in the United States are set forth in the New England Power Pool Agreement, as amended (the NEPOOL Agreement) and three contracts among the participants in Phase I as follows:

1. Vermont Transmission Line Support Agreement, dated as of December 1, 1981, as amended, with Vermont Electric Transmission Company, Inc.
2. Phase I Terminal Facilities Support Agreement, dated as of December 1, 1981, as amended, with New England Electric Transmission Corporation, and
3. Agreement With Respect To Use Of Quebec Interconnection, dated as of December 1, 1981, as amended, including the restatement thereof in connection with Phase II (the Use Agreement).

These Phase I interconnection facilities are currently under construction with completion scheduled during 1986.

With the completion of arrangements for Phase I and the related contracts with Hydro-Quebec, the members of NEPOOL have conducted studies of the benefits of an expanded interconnection for NEPOOL with Hydro-Quebec (Phase II) and have negotiated with Hydro-Quebec a firm energy (the Phase II Firm Energy Contract) arrangement to utilize the expanded interconnection facilities. The results of these NEPOOL

studies indicate that such an expansion of the interconnection capacity will be beneficial to the New England utilities and to their respective customers.

The portion of Phase II in the United States will consist of an extension of the Phase I DC transmission line from the proposed terminus of Phase I at the Comerford Station through New Hampshire to a site in Massachusetts with additional terminal facilities installed at that site to increase the total transfer capacity between Hydro Quebec and NEPOOL from the 690 MW of Phase I to approximately 2000 MW. Reinforcements to the existing transmission system of New England Power and to certain AC facilities of Boston Edison Company will also be required. Although about 2 miles of Boston Edison's transmission line are covered under this Agreement, Boston Edison has the option to have this line covered under the Phase II Boston Edison AC Facilities Support Agreement. The United States portion of the Phase II facilities will be designated as pool-planned facilities in the same manner as the United States portion of the Phase I facilities was so designated.

Each Supporter acknowledges that it has been represented on the Executive and Planning Committees of NEPOOL that had responsibility for evaluating the feasibility of Phase II and, through this representation, actively participated in the decision of NEPOOL to go forward with Phase II. Furthermore, each Supporter, other than New England Power, represents that

it made its own independent investigations and inquiries as it deemed appropriate and did not rely upon representations (other than those contained in this Agreement and the other Basic Agreements referred to hereinafter) of New England Power or its affiliates in deciding to enter into this Agreement.

The sharing of benefits among the New England utilities associated with Phase II is set forth in the Use Agreement. The Use Agreement also permits each participating New England utility to make its own entitlement transactions with Hydro Quebec and to use the interconnection for such transactions. Each Supporter acknowledges that the benefits of participating in Phase II set forth in the Use Agreement are the fundamental consideration for its signing of this Agreement and making the significant commitments to each other Supporter specified herein.

All improvements and reinforcements to Boston Edison Company's AC transmission system are covered under the Phase II Boston Edison AC Facilities Support Agreement.

The provisions of this Agreement cover all improvements and reinforcements to New England Power's AC transmission system in Massachusetts necessitated by Phase II as described in more detail in Attachment B hereto (the AC Facilities).

The provisions of the Phase II Massachusetts Transmission Facilities Support Agreement cover the Phase II Massachusetts HVDC transmission line and terminal facilities in

Massachusetts. New England Hydro-Transmission Electric Company, Inc. (New England Hydro), an affiliate of New England Power, will build, own, operate, and maintain those Massachusetts HVDC transmission facilities.

The portion of the Phase II HVDC transmission line to be constructed in New Hampshire is covered under the Phase II New Hampshire Transmission Facilities Support Agreement. New England Hydro-Transmission Corporation (New

Hampshire Hydro), an affiliate of New England Power, will build, own, operate, and maintain those New Hampshire HVDC transmission facilities.

In view of the need to formalize the agreements among the parties at an early date so that (i) binding commitments with Hydro Quebec for Phase II may be made, (ii) binding commitments for ultimate construction and the financing of the United States portion of Phase II may be undertaken consistent with the time schedule anticipated by NEPOOL and with the assurance that commitments among the New England utilities are in place and (iii) licensing activities may proceed on a schedule that enables completion of such construction consistent with the time schedule anticipated by NEPOOL, the following agreements are concurrently being entered into (the "Basic Agreements") which collectively set forth rights and obligations with respect to the foregoing undertaking: (1) this Agreement; (2) the Phase II Massachusetts Transmission Facilities Support Agreement; (3) an Equity Funding Agreement for New England

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Hydro; (4) the Phase II New Hampshire Transmission Facilities Support Agreement; (5) an Equity Funding Agreement for New Hampshire Hydro; (6) an amendment of the Use Agreement, setting forth the rights of the Participants in the benefits of Phase II; (7) various amendments to the NEPOOL Agreement relating to the sharing of savings, capability responsibilities, and transmission arrangements; and (8) the Phase II Boston Edison AC Facilities Support Agreement.

In order to coordinate each Supporter's participation in Phase II to the fullest extent possible, each Supporter acknowledges that it is to have the same participating interest under each of these Agreements: this Agreement, the Phase II New Hampshire Transmission Facilities Support Agreement, the Phase II Massachusetts Transmission Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, and the Use Agreement. Each Supporter acknowledges that these Basic Agreements have been drafted with the overriding intent to so coordinate participating interests and that, notwithstanding any provision thereof that may be interpreted to the contrary, the proper interpretation of each of these Basic Agreements is to be consistent with such overriding intent. The Equity Funding Agreement for New Hampshire Hydro and the Equity Funding Agreement for New England Hydro have also been drafted to require actions of Equity Sponsors or their appointees affecting such

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participating interests to be the same under each Equity Funding Agreement in order to also be consistent with such overriding intent.

Section 2. Conditions Precedent to Effectiveness

The effectiveness of this Agreement, and all rights, obligations, and performance of the signatories hereunder, is subject to (a) New England Power and other members of NEPOOL serving at least 66 2/3% of the aggregate kilowatthour load served by all NEPOOL members in 1980 (i) having executed this Agreement and the other Basic Agreements (except for the two Equity Funding Agreements and the amendments to the NEPOOL Agreement relating to Phase II) and (ii) having satisfied the conditions precedent set forth below; (b) Equity Sponsors under each of the Equity Funding Agreements covering 100% of New England Hydro's and New Hampshire Hydro's equity requirements, respectively, having executed those Agreements; (c) members of NEPOOL having executed the amendments to the NEPOOL Agreement for Phase II in order that such amendments may become effective in accordance with the NEPOOL Agreement; and (d) the signatories to this Agreement having also signed and supplied all required documentation under the Phase II Massachusetts Transmission

Facilities Support Agreement, the Phase II New Hampshire Transmission Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, the Use Agreement, and amendments to the NEPOOL Agreement relating to Phase II.

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By September 15, 1988, each signatory to this Agreement shall provide certificates and legal opinions from counsel satisfactory to New England Power. together with certified copies of related resolutions, consents, approvals, authorizations, and other documents (Documentation) necessary to establish to the satisfaction of New England Power that all corporate and regulatory consents. waivers, approvals, authorizations and other actions necessary in connection with performance by such signatory of its obligations under the Agreement have been obtained and are in full force and effect, that the Agreement has been duly authorized, executed, and delivered by such signatory, and that it constitutes a binding commitment by the signatory enforceable in accordance with its terms. Forms of Documentation acceptable to New England Power are included in Attachment C hereto. Prior to signing this Agreement, each signatory has provided to New England Power a listing of all consents, waivers, approvals, authorizations, and other actions required for that signatory to deliver its Documentation.

Since Vermont Electric Power Company, Inc. (VELCO) and Massachusetts Municipal Wholesale Electric Company (MMWEC) represent a number of electric systems, in calculating their respective kilowatthour loads on Attachment A, they are deemed to have signed on behalf of those respective systems listed in Schedules I or II, respectively. By September 1, 1988, VELCO

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and MMWEC will provide New England Power with copies of contracts with those respective systems which impose absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively. By that date, VELCO and MMWEC will also provide to New England Power as part of their Documentation certificates, legal opinions (from counsel satisfactory to New England Power), and other documents in form and substance satisfactory to New England Power representing unconditionally that all consents, waivers, approvals, and authorizations have been obtained by their contracting systems in connection with each such system's performance of its obligations under its respective contract with VELCO or MMWEC and that each such contract imposes "absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively, and has been duly authorized, executed, and delivered and is a binding commitment of such system enforceable in accordance with its terms. If regulatory approvals have not been obtained by September 1, 1988, such representations shall be conditioned upon receipt of regulatory approvals. VELCO and MMWEC will have until September 15, 1988, to receive such approvals and make such representations unconditionally. In order that percentages of participation be consistent among the Basic Agreements, VELCO and MMWEC shall have their contracts with their contracting systems cover the necessary commitments for each Basic Agreement.

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All expenses in connection with obtaining and delivering any Documentation under this Agreement, including legal opinions, are to be borne by the signatory incurring such expense. New England Power will have no responsibility for any expenses incurred by VELCO and MMWEC in providing Documentation for their respective contracting systems.

In the event that VELCO or MMWEC does not provide such contracts and Documentation by the aforementioned deadlines, under this Agreement and similar contracts and documentation as required by the other Basic Agreements, for all electric systems shown on Schedules I or II, their respective kilowatthour loads on Attachment A will be automatically adjusted to equal the 1980 kilowatthour loads of those contracting electric systems for which the required contracts and Documentation have been provided. Promptly thereafter, New England Power will prepare and distribute an appropriately modified Attachment A with an additional column showing Support Shares for all Supporters and modified Schedules I and II.

Any signatory, that is unable to provide all Documentation by the applicable deadlines required by this Section 2 and all similar documentation as required by the other Basic Agreements or that fails to obtain any regulatory approval required to deliver such Documentation by the applicable deadlines, will not be a Supporter under this Agreement and will not have any rights and obligations hereunder after the date of such

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deadline. All obligations of New England Power hereunder are subject to all regulatory approvals necessary for it to charge the Supporters in accordance with the terms of this Agreement having been obtained and no longer subject to appeal.

New England Power by written notice to all signatories may extend any deadline date specified in this Agreement to a later date, provided that any extension for longer than six months requires the consent of signatories that would have an aggregate Support Share of 66-2/3%.

Section 3. Effective Date and Term

This Agreement shall become effective (the Effective Date) upon the last to occur of the following dates:

- (i) the date that members of NEPOOL (including New England Power) serving at least 66 2/3% of the aggregate kilowatthour load in 1980 served by NEPOOL members have satisfied all conditions precedent to effectiveness set forth in Section 2;
- (ii) the date that New England Power shall give written notice to all other Supporters that it has determined (such notice to be promptly given upon such determination) that all regulatory approvals necessary for it to charge the Supporters in accordance with the terms of this Agreement have been obtained and are no longer subject to appeal; and

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- (iii) the date that the last of the other Basic Agreements (excluding the Use Agreement) becomes effective or would become effective but for a condition that its effectiveness is subject to this Agreement becoming effective.

Upon execution and delivery of the Agreement by New England

Power and other members of NEPOOL serving at least 66 2/3% of the aggregate kilowatthour load in 1980 served by NEPOOL members, and notwithstanding any provision herein to the contrary, no signatory may terminate its obligations hereunder except in accordance with provisions of this Agreement.

The term of this Agreement shall expire on the later of (1) thirty years from the Date of Full Support Payment as defined in Section 14, or (ii) the date that the Phase II Massachusetts Transmission Facilities Support Agreement and the Phase II New Hampshire Transmission Facilities Support Agreement (the Phase II HVDC Support Agreements) ultimately terminate taking into account any optional renewal term. If all regulatory approvals authorizing New England Power to charge the Supporters in accordance with the Support Charge described in Section 13 hereof are not received by June 1, 1986, New England Power may thereafter elect to terminate this Agreement by notice in writing to the Supporters.

Section 4. Support Shares

A. Allocation. Each Supporter shall have and be charged with a percentage interest in all of the rights and obligations

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of the Supporters hereunder determined in accordance with this Section 4 (which interest is hereinafter referred to as its "Support Share").

The Support Share of each Supporter shall be computed both initially and as changed from time to time in accordance with the terms hereof by New England Power as hereinafter provided. Such computations shall be made as of the first day of any month in which there is a change in the number of Supporters or any change in the interest of any Supporter as herein

provided. The initial computation is to be made on or before the Effective Date and subsequent computations are to be made in any month thereafter as of the first day of each month in which an interest is modified or terminated pursuant to any provision hereof. All computations shall be final unless there is a manifest error.

B. The Support Share of each Supporter, on and as of the initial computation, will be equal to its Participating Share at the time of calculation under the Phase II Massachusetts Transmission Facilities Support Agreement.

C. In the event that a Credit Enhanced Supporter (as defined in Section 13) is terminated hereunder after its initial Support Share is determined under Section 48 and the Phase II HVDC Support Agreements continue in effect at the time of such termination, the Support Share for each Supporter will

be equal to its Participating Share at that time under the Phase II Massachusetts Transmission Facilities Support Agreement reflecting any reallocation on account of the terminated Supporter's termination of participation thereunder. If Equity Sponsors under the Equity Funding Agreements or their appointees are allocated Participating Shares under the Phase II HVDC Support Agreements, the Equity Funding Agreements provide that the Equity Sponsors or their appointees will become Supporters hereunder and shall execute appropriate documentation.

D. In the event that a Credit Enhanced Supporter (as defined in Section 13) is terminated hereunder after its initial Support Share is determined under Section 48, and the Phase II HVDC Support Agreements are terminated at the time of such termination, the Support Share for such terminated Credit Enhanced Supporter will be reallocated in accordance with the Equity Funding Agreements. If Equity Sponsors under the Equity Funding Agreements or their appointees are to be allocated Support Shares, the Equity Funding Agreements provide that the Equity Sponsors or their appointees will become Supporters hereunder and shall execute appropriate documentation.

E. Notwithstanding any provision in Section 4 A through D to the contrary, no reallocations under C or D above shall be made in the event of a default in any payment under Sections 17 or 18.

F. In the event that the Support Share of a terminated Supporter cannot be allocated under C above and the Phase II HVDC Support Agreements are in effect at the time of such termination, one or more Equity Sponsors or their appointees (as defined under the Equity Funding Agreements) may elect to increase their respective Support Shares by the Support Share of such terminated Supporter, provided that an equivalent election is made under the Phase II HVDC Support Agreements and the Phase II Boston Edison AC Facilities Support Agreement in order that support percentages hereunder are consistent therewith. If a Participant which is not an Equity Sponsor or an appointee of an Equity Sponsor accepts a voluntary allocation of participating shares under the Phase II HVDC Support Agreements, an equivalent allocation of the Support Shares of a terminated Supporter hereunder and under the Phase II Boston Edison AC Support Agreement shall be made. In the event that the Support Share of a terminated Supporter cannot be allocated under D above, and the Phase II HVDC Support Agreements are terminated at the time of such termination, one or more Equity Sponsors or their appointees (as defined under the Equity Funding Agreements) may elect to increase their respective Support Shares by the Support Share of such terminated Supporter. New England Power shall, by written notice to each Equity Sponsor, offer the Support Share of such terminated Supporter on a voluntary basis to the Equity

Sponsors or their appointees in accordance with a subscription process described in New England Power's offering letter, provided that if such Support Share is not so completely allocated, then New England Power will offer such unallocated Support Share as provided in Section 16B(ii) hereof.

Section 5. Relationship among Supporters

The rights and obligations of the Supporters hereunder are several, in accordance with their respective Support Shares, and not joint. The rights and obligations of New England Power hereunder are also several and not joint with those of the other Supporters or any one thereof. There is no intention to create by this Agreement, or by any grant, lease, license, or activity related hereto, an association, joint venture, trust, or partnership or to impose on New England Power or any other Supporter trust or partnership rights or obligations; and any such implied intention is expressly negated. Except as expressly provided in this Agreement, no Supporter shall have by virtue of this Agreement or of any such grant, lease, license, or activity the right or power to bind any other Supporter without its express written consent.

Section 6. Design and Construction of the AC Facilities

New England Power shall be responsible for the design, engineering, procurement, installation, and all other aspects of the construction of the AC Facilities, and any modifications or additions made to the AC Facilities at any time before or

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after completion of the AC Facilities, all in accordance with good utility practice. In carrying out these activities, New England Power may utilize the services of its affiliates and may also select and employ a financial adviser, legal counsel, design engineering firm, a construction engineering firm, consultants, and such other firms as it considers desirable. To the extent services are performed by an affiliate of New England Power, such affiliate will charge on the same basis that it would charge its costs to other affiliates pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (the 1935 Act).

New England Power shall not commence construction of the AC Facilities until so authorized by Supporters (including New England Power) having at least 66-2/3 of the Support Shares. The date of commencement of construction of the AC Facilities shall mean the first firm commitment in excess of \$5 million for procurement or construction of the AC Facilities.

New England Power intends, consistent with good utility practice, to construct the AC Facilities on a schedule consistent with the commercial operation of Phase II by September 1, 1990. However, New England Power does not represent that construction will be completed by such date or any other date.

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Section 7. Operation and Maintenance of the AC Facilities

New England Power shall be responsible for the operation and maintenance of the AC Facilities in accordance with good utility practice. New England Power shall use its best efforts to coordinate the operation and maintenance of the AC Facilities with the operation and maintenance of the Phase I and Phase II facilities. In carrying out these activities, New England Power may utilize the services of its affiliates and may also select and employ a financial adviser, legal counsel, consultants, and such other firms as it considers desirable. In

furtherance of its responsibility, New England Power may from time to time designate a company, which need not be a Supporter, to operate and maintain the AC Facilities. To the extent services are performed by an affiliate of New England Power, such affiliate will charge on the same basis that it would charge its costs to other affiliates pursuant to the rules and regulations of the SEC under the 1935 Act.

Section 8. Termination of Phase II HVDC Support Agreements

Recognizing that the AC Facilities are necessary for the proper operation of Phase II as well as a part of New England Power's AC transmission system, New England Power shall use its best efforts to coordinate the construction and operation of the AC Facilities with the Phase I and Phase II facilities and its own AC transmission system in accordance with good utility practice. In the event that the Phase II HVDC Support

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Agreements are terminated, New England Power, no less than 60 days before the effective date of termination of the Phase II HVDC Support Agreements (as such date is defined therein), shall request, in writing, that each Supporter respond to New England Power, in writing, within 30 days as to whether it desires the continued construction and/or operation of the AC Facilities, other than the AC Facilities described in item number 4 to Attachment B hereto. Failure to respond within such 30-day period by a Supporter shall be deemed to be an election by such Supporter to continue. If Supporters other than New England Power with Support Shares aggregating 50% or more respond that they desire to discontinue further construction and/or terminate operation of AC Facilities, the investment in AC Facilities with respect to such AC Facilities (other than those described in item number 4 to Attachment B hereto) shall be limited to those costs previously incurred or committed by New England Power or which are necessary to restore the right-of-way or other facilities to their original condition consistent with good utility practice.

If Supporters other than New England Power with Support Shares aggregating less than 50% respond that they desire to discontinue further construction and/or terminate operation of such other AC Facilities, New England Power Company shall continue to construct and/or operate all of the AC Facilities and all Supporters shall continue to be bound by this

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Agreement. However, any Supporter electing not to continue may terminate its participation hereunder upon payment of its share of the net investment in the AC Facilities, provided that the other Supporters voluntarily agree to support 100% of the costs of the AC Facilities hereunder after such payment. If the other Supporters do not so agree to support 100% of such costs, then construction shall be discontinued and/or operation terminated of the AC Facilities as though Supporters other than New England Power with Support Shares aggregating 50% or more responded that they so desired to discontinue and/or terminate.

Notwithstanding any provision of this Section 8 to the contrary, in the event that the Phase II HVDC Support Agreements are terminated and construction has commenced on the portion of the AC facilities described in item number 4 to Attachment B hereto or such AC Facilities have commenced operation, New England Power may continue such construction and/or operation and if it continues shall do so in a manner consistent with good utility practice recognizing the

desire of the Supporters to minimize costs.

Section 9. New England Power Relationship to Supporters

In carrying out its responsibilities hereunder, New England Power agrees that it shall use its best efforts to act for the collective benefit of all Supporters, to include in its contracts with independent contractors the customary provisions for assuring professional and workmanlike performance,

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including warranties, insurance coverage and other protections consistent with good utility practice, and to enforce its rights under such contracts against the other contracting parties to the extent reasonable, reserving the discretion to settle claims on a reasonable basis. All costs of construction, including damages caused by the risks of negligence (other than gross negligence) and other risks of construction in excess of the recoveries obtained from offending parties or insurers, shall be included as part of investment in the AC Facilities (as defined in Section 13 below) and all costs of operating the AC Facilities, including damages caused by risks of negligence (other than gross negligence) or other risks of operation in excess of any recoveries obtained from offending parties or insurers, shall be included in New England Power's operating costs (as defined in Section 13 below).

Section 10. Payment for Preliminary Costs

New England Power agrees to pay those New England utilities for costs initially paid by them that (i) were related to the AC Facilities incurred under the Preliminary Quebec Interconnection Support Agreement - Phase II (the Preliminary Agreement), and (ii) that are determined by New England Power to be capitalizable costs of the AC Facilities, in accordance with the Uniform System (as defined hereinafter in Section 13). Within ninety days after the Effective Date, New England

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Power agrees to make the payment with interest calculated from the original date of payment using the monthly average rate on one month commercial paper as published in the Federal Reserve Bulletin for each month during such time period.

Section 11. Transmission of Power

A. The AC Facilities are expected to be part of at least two transmission interfaces of NEPOOL (AC Facilities Interface). These include:

1. The transmission interface between substations at Sandy Pond and Millbury (Interface A); and
2. The transmission interface between substations at Millbury and West Medway (Interface B).

Based on studies to be performed from time-to-time, NEPOOL will

periodically determine the share of the interface transfer capability that the AC Facilities have contributed to each of the

interfaces, allocated on an appropriate basis consistent with NEPOOL practice at the time (AC Facilities Interface Transfer Capability Share).

Each Supporter shall have a right to the delivery of power over each interface in an amount equal to its Support Share of the AC Facilities Interface Transfer Capability Share for that interface at the time (Supported Transfer Capability Share). The aggregate of the Supported Transfer Capability Shares less any portion of a Supporter's Supported Transfer Capability Share which is required for its specific entitlement

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transactions with Hydro-Quebec shall be available for the transfer of energy purchased by NEPOOL under the Phase II Firm Energy Contract.

For any transaction not covered by the NEPOOL Agreement or in the event that the NEPOOL Agreement is no longer in effect, each Supporter so using these interface transfer capabilities shall pay New England Power's then current applicable transmission rate.

B. In accordance with A. above, and subject to Section 12, New England Power shall deliver power over Interface A and/or Interface B or any other AC Facilities Interface as directed by the NEPEX Dispatch Center. Electrical losses incurred in the transmission of this power shall be for the account of the Phase II Savings Fund in the case of the Phase II Firm Energy Contract, or for the account of the purchaser in the case of an entitlement transaction, and shall be determined in accordance with whatever NEPOOL procedures are applicable or in absence of such procedures, in accordance with procedures that New England Power then uses for others.

C. All payments made directly to New England Power under this Section 11 shall be made in accordance with the invoice procedure specified in Section 14.

Section 12. Sharing of Costs of Capacity Restrictions

A. After the AC Facilities are in commercial operation, if there is a transfer restriction on any AC Facilities Interface

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either with all facilities in service or with, one or more out of service, the total of the Supporters' share of any costs associated with the use of the interface for Phase II Firm Energy Contract transfers or Hydro-Quebec entitlement transactions during any hour that the restriction exists shall be determined in accordance with Attachment G hereto and shall be chargeable to the Hydro-Quebec Phase II Savings Fund or to individual Supporters who had Hydro-Quebec entitlement transactions during the hour the restriction occurred.

There may be a restriction and resultant sharing of costs on one AC Facilities Interface without there being any restrictions on other AC Facilities Interfaces. To the extent that the transfer capability of any of the AC Facilities Interfaces is restricted, New England Power's obligation to deliver power under Section 11 shall be appropriately reduced during the

duration of the restriction.

B. In accordance with NEPEX procedures, prompt notification of the existence and magnitude of any such restriction will be made. All computations of the amount of restriction of the transfer capability of Interface A or B or any other Interface shall be made by NEPEX and shall be final unless there is a manifest error. NEPEX shall make all computations of the sharing of the costs of such restriction which shall be final unless there is a manifest error.

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Section 13. Support Charge

Commencing with the month in which the Date of Full Support Payment occurs (as defined in Section 14) and in each month thereafter, each Supporter shall pay in accordance with Section 14 its Support Share of a monthly Support Charge in an amount determined in accordance with this Section 13, plus a Credit Enhancement Charge as calculated in accordance with Attachment F.

The Support Charge shall be equal to New England Power's total supported cost of service related to the AC Facilities for such month. The "total supported cost of service related to the AC Facilities" for any month commencing with the month in which the Date of Full Support Payment occurs shall equal (A+ B) where:

A= the Monthly Fixed Costs as determined in accordance with

Attachment D; and

B = the Monthly Operating Costs as determined in accordance with Attachment E.

All costs included in the total cost of service related to the AC Facilities shall be in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission, as from time to time in effect.

If a Support Charge payment under Section 14 is to be calculated from a date other than the first day of a month, an appropriate proration of "A" and "B" above shall be made for such payment only.

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On the fifteenth day of each month, New England Power will promptly pay to each Equity Sponsor its pro rata share of the Credit Enhancement Charges received through the preceding month.

Section 14. Payments

Commencing on or about the date that the AC Facilities are completed and ready for service (Date of Full Support Payment) and for each month thereafter, New England Power will render to each other Supporter an invoice for its Support Share of the Support Charge for such month calculated on an estimated basis for the current month and subject to corrective adjustment in subsequent months. Unless New England Power is prevented by circumstances beyond its reasonable control, New England Power shall use its best efforts to render final bills within two years after the end of the calendar year in which the estimated bill was rendered. New England Power will also render to each Supporter an invoice or notice for its Support Share of any amounts due under this Agreement (other than monthly Support Charges) including but not limited to payments to be made under Sections 16, 17, 18, and 19D.

Each Supporter shall promptly pay to New England Power the amount shown on any invoice submitted under this

Section. New England Power will date and mail its monthly invoice for Support Charge on or about the 25th day of the month for the coming month and this invoice shall be due and payable by the 15th day of the coming month and if not paid within that time period

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shall bear interest compounded monthly from the first day of the month in which payment is due to the date when payment is made at an annual rate equal to two percent (2%) over the current interest rate on prime commercial loans from time to time in effect (the Base Rate) at the principal office of The First National Bank of Boston.

Any invoice or notice for payments due under this Agreement (other than a monthly Support Charge invoice) that is not paid when due shall bear interest compounded monthly from the mailing date of the invoice to the date when payment is made at an annual rate equal to two percent (2%) over the Base Rate at the principal office of The First National Bank of Boston.

Recognizing the need to provide additional financial security to induce New England Power and the Supporters to undertake the substantial obligations of this Agreement, each Equity Sponsor has agreed in the Equity Funding Agreement to pay, promptly upon request of New England Power a proportionate share of any invoice or notice rendered to a Credit Enhanced Supporter (as defined in Attachment F) under Section 14 (other than one for payments to be made under Sections 17 and 18) which remains unpaid for ninety days after the mailing date of the invoice. New England Power may render to each Equity Sponsor an invoice for its proportionate share, calculated as if participation of such nonpaying Credit Enhanced Supporter had been terminated and appropriate reallocation had been made under

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Section 4, of the amount of such unpaid invoice or notice plus accrued interest thereon calculated at New England Power's short term borrowing rate or, if New England Power has no short term borrowings, at the Base Rate defined above.

All further invoices or notices as provided in the preceeding paragraph shall be telecopied or delivered by overnight courier and shall be paid within 15 days of the date thereof. If not paid within that time period, interest shall accrue on the unpaid balance from the date thereof at the rate of 2% above the Base Rate as specified in this Section 14. In the event that any such invoice or notice remains unpaid for 15 days after its date, New England Power may render to those paying Equity Sponsors further invoices or notices as specified above and subject to the provisions of Section 4E until all amounts due are paid. To the extent that any Equity Sponsor pays to New England Power any amount due pursuant to the preceding paragraph, it shall be subrogated to the rights of New England Power to recover from the nonpaying Supporter the excess it paid to New England Power with interest at the rate of 2% above the Base Rate as specified in this Section 14.

Since New England Power is also a Supporter, New England Power will bear its Support Share of the payments due hereunder without the need to issue an invoice or notice to itself.

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Section 15. Character of Payment Obligations

The obligations of each Supporter to make payments hereunder, and to perform and observe all other agreements on its part contained herein, are absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any insolvency, composition, bankruptcy, reorganization, arrangement, liquidation or similar proceedings relating to New England Power, any other Supporter, or any affiliate thereof, (ii) any failure of the AC Facilities to operate for any reason, including but not limited to the failure of Hydro-Quebec to sell electric power to the Supporters, (iii) any damage to or destruction of the AC Facilities, including but not limited to any defect in the quality, condition, design, operation, or fitness for use of, or any loss of use of, all or any part of the AC Facilities, (iv) any interruption or prohibition of the use or possession by New England Power of, or any ouster or dispossession by paramount title or otherwise of New England Power from, all or any part of the AC Facilities, or any interference with such use or possession by any governmental agency or authority or other person or otherwise, (v) any inability to use the AC Facilities because a necessary license or other necessary public authorization cannot be obtained or is revoked, or because the utilization of such a license or authorization is made subject to specified conditions which are not met, (vi) any invalidity or unenforceability or

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disaffirmance by New England Power or any other Supporter of any provision of this Agreement or any failure, omission, delay, or inability of New England Power to perform any of its obligations contained herein, (vii) any amendment, extension, or other change of, or any assignment or encumbrance of any rights or obligations under, this Agreement, or any waiver or other action or inaction, or any exercise or nonexercise of any right or remedy, under or in respect to this Agreement, (viii) any inability of any Supporter or any other Supporter to obtain regulatory approvals for financing its Support Share of any obligations under this Agreement or for meeting any other obligations under this Agreement, or (ix) any inability to start, complete, or use the AC Facilities due to any other circumstance, happening, or event whatsoever, whether foreseeable or unforeseeable and whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that all amounts payable by each Supporter in respect of this Agreement shall begin to be payable and shall continue to be payable in all events in the manner and at the time herein provided; provided, however, that nothing in this Section 15 shall (a) prevent a Supporter from transferring its interests and obligations hereunder to another Supporter prior to the Effective Date, or (b) impose any continuing liabilities or obligations on said transferring Supporter with respect to this Agreement incurred or relating to the period of time after said transferring Supporter's Support Share has been reduced to

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zero. In that connection, each Supporter hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, or surrender any of its obligations under this Agreement, and agrees that if, for any reason whatsoever, this Agreement shall be terminated in whole or in part by operation of law or otherwise, each Supporter will nonetheless promptly pay to New England Power amounts as required by Section 16 of this Agreement.

Notwithstanding the character of the above payment obligations, when the net proceeds from a total taking of the AC Facilities in an eminent domain proceeding or from insurance in the event of complete destruction of the AC Facilities have been received by New England Power in an amount equal to or greater than the amounts then due hereunder from the

Supporters, then no payment shall be required.

Section 16. Default

A. If any of the following events (Events of Default) shall occur and be continuing:

- (i) a Supporter other than New England Power shall fail to pay to New England Power when due any amount which it has agreed to pay under any provision of this Agreement, and such failure shall continue for more than 15 days after written notice thereof has been given to such Supporter by New England Power; or

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- (ii) a Supporter other than New England Power shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of its creditors; or any proceeding shall be instituted against a Supporter other than New England Power (and is not dismissed within sixty days), or by a Supporter other than New England Power, seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or seeking appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; or if a Supporter other than New England Power shall take any action to authorize any of the actions set forth above in this subsection (ii); or
- (iii) a Supporter other than New England Power shall fail to perform any other obligation under this Agreement in accordance with the terms hereof, and such failure shall continue for more than 30 days after written notice thereof has been given to such Supporter by New England Power; or
- (iv) a Supporter other than New England Power shall experience an event of default under any of the other Basic Agreements or under any of the basic agreements for Phase I listed in the first paragraph of Section 1;

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then, and in any such event, in addition to any other rights or remedies that it may have against such Supporter by reason thereof, New England Power shall, by written notice to such Supporter, terminate as of the date of such Event of Default, all rights of such Supporter under this Agreement; provided, however, that in no event shall New England Power terminate a defaulting Supporter under this Section 16 if planning or construction of the AC Facilities is terminated or cancelled under Section 17 or the AC Facilities are permanently shutdown under Section 17 or termination under Section 18 occurs (since no reallocation of Support Shares is required in such events). New England Power may with the approval of Supporters (including New England Power) having 66-2/3% or more of the Support Shares waive any Event of Default hereunder or grant extensions of time to cure any Event of Default.

B. Immediately upon termination of the rights of a Supporter pursuant to A above:

- (i) if such defaulting Supporter was a Credit Enhanced Supporter as of the date of the Event of Default, then New England Power shall allocate the Support Share of the defaulting Supporter to Equity Sponsors or their appointees in accordance with Section 4C or D hereof; or

(ii) if such defaulting Supporter was not a Credit Enhanced Supporter as of the date of the Event of Default or the Support Share of the defaulting

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Supporter cannot be allocated under Section 4C or D hereof, then New England Power shall offer the Support Share of such defaulting Supporter to Equity Sponsors or their appointees in accordance with Section 4F hereof; provided that, if such Support Share is not so completely allocated, then New England Power will offer such unallocated Support Share to any Supporter whose most junior long term debt securities are then rated at least one grade above investment grade or, if not so rated, who has obtained the consent of New England Power and Supporters, including New England Power, then having 66-2/3% or more of the Support Shares (such offer and allocation to be made in accordance with Section 4F hereof); and provided further that such Equity Sponsors, or their appointees or Supporters receiving such an allocation accept an equal participating share under the Phase II HVDC Support Agreements and the Phase II Boston Edison AC Facilities Support Agreement; and

(iii) the defaulting Supporter shall pay to New England Power, in addition to any other amounts due under any provisions of this Agreement, an amount equal to its Support Share of the investment in the AC Facilities (including any cost of removal and disposal) less any depreciation and amortization relating to the AC Facilities to the date of such

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payment. New England Power will credit any amounts so received (less any costs incurred by New England Power relating to such default) to the depreciation and amortization accounts for the AC Facilities.

C. New England Power or any Supporter shall be free to invoke such remedies at law or in equity as may be deemed appropriate against any Supporter that defaults under this Agreement.

Section 17. Delay, Suspension, Termination, Cancellation, or Shutdown of the AC Facilities

If at any time New England Power determines that continued planning, construction, or operation of the AC Facilities is not advisable for any reason New England Power deems appropriate, it may delay, restrict, suspend, terminate or cancel planning or construction, terminate operation, or shut the AC Facilities down.

If (i) planning or construction of the AC Facilities is to be terminated or cancelled, or (ii) the AC Facilities are to be permanently shutdown, then New England Power shall give each Supporter not less than ninety (90) days advance written notice of any such event. Each Supporter shall pay to New England Power within not less than ninety (90) days of New England Power's notice thereof an amount, as specified in such notice and calculated as of such date of payment, equal to the sum of its Support Share of the investment in AC Facilities (less any depreciation and amortization to the date of payment) together

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with all costs relating to or resulting from such termination, cancellation or permanent shutdown, including without limitation any costs of total or partial demolition and disposal of the AC Facilities net of any actual salvage value received by New England Power including the proceeds from any sale.

If because of serious financial constraints New England Power determines that it cannot continue construction of the AC Facilities, New England Power has the right to request contributions in aid of construction from the Supporters. If Supporters (of which New England Power shall be one) having at least 66-2/3 of the Support Shares agree to make the requested contributions, then all Supporters, including New England Power, shall make such payments in accordance with Section 14, and New England Power will credit the amount of such payments to the investment in AC Facilities. If Supporters having at least 66-2/3 of the Support Shares do not so agree to make the requested contributions, then New England Power may terminate construction of the AC facilities in accordance with the immediately preceding paragraph.

If Supporters other than New England Power Company with aggregate Support Shares of 50% or more do not agree with New England Power's decision to terminate or cancel construction of the AC Facilities under this Section 17 other than a termination made pursuant to the immediately preceding

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paragraph, New England Power shall, upon receipt of the full amounts due pursuant to this Section, undertake to permit one or more Supporters, as designated by such Supporters with aggregate Support Shares of 50% or more, to continue construction of the AC Facilities and to use and operate the AC Facilities upon completion of construction for the remaining term of this Agreement.

Section 18. Termination by New England Power

If at any time New England Power elects and so notifies in writing all other Supporters that, as a result of a default under Section 16, the Support Share of a terminated Supporter is not allocated pursuant to the required or voluntary reallocation provisions under this Agreement, each Supporter's participation hereunder shall terminate not less than 90 days after the date of New England Power's written notice (the "effective date of termination"), and each Supporter on or before the effective date of termination shall pay to New England Power an amount calculated in accordance with the second paragraph of Section 17.

Upon termination of this Agreement pursuant to this Section 18, New England Power shall offer each Supporter which (i) was not a terminated Supporter immediately prior to termination of the Agreement pursuant to this Section 18 and (ii) has paid all amounts due under the first paragraph of this Section 18, an opportunity to participate in a new support agreement, provided

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that participants in such new support agreement agree to pay 100% of the costs of service of New England Power related to the AC Facilities. The new support agreement will have a term equal to the remaining term of this Agreement. Other provisions of the new support agreement will be substantially similar to those in this Agreement. The investment in AC

Facilities under the new support agreement shall be reduced by any amount received as termination payments hereunder which would be properly applied to utility plant accounts in accordance with the Uniform System less any costs of termination. Any participant in the new support agreement shall also be a supporter of the AC facilities of Boston Edison Company and, if the Phase II HVDC Support Agreements have not been terminated, of the transmission facilities of New Hampshire Hydro and New England Hydro.

No termination of this Agreement shall relieve any party of any obligation arising prior to making the payment to New England Power required by the first paragraph of this Section 18. In addition, notwithstanding the termination of this Agreement for other purposes, this Agreement shall continue in effect to the extent necessary to provide for paying all "windup costs" and final billings, billing adjustments and payments.

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Section 19. Miscellaneous

A. Insurance. New England Power will at all times during the term of this Agreement keep the AC Facilities insured against such risks as electric utility companies, similarly situated, constructing and operating like properties, usually insure against. Any uninsured loss, damage, or liability related to the AC Facilities or arising out of New England Power's performance hereunder and any expenses in connection with any such loss, damage, or liability shall be deemed to be an expense reimbursable by the Supporters in accordance with Section 13. New England Power will assist any Supporter, at the Supporter's expense, in obtaining any other insurance coverage related to the AC Facilities that such Supporter requires. Upon request, New England Power will supply certificates of insurance coverage.

B. Limitation of Liability. For and in consideration of the fact that New England Power is undertaking to design, engineer, procure, install, construct, operate, and maintain the AC Facilities for and on behalf of the other Supporters and itself without any compensation or charge other than the payments provided under this Agreement, no Supporter shall be entitled to recover from New England Power or any affiliate or any shareholder, officer, director, employee, or agent of New England Power or any affiliate, any damages resulting from error or delay, whether or not due to negligence, in the

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design, engineering, procurement, installation or construction of the AC Facilities, or for any damage to the AC Facilities, any curtailment of power, or any other damages of any kind, including but not limited to consequential damages, arising out of or in connection with the performance of this Agreement by New England Power. Notwithstanding the above limitation, if New England Power is found by a court of competent jurisdiction to have intentionally violated this Agreement in a

material manner or to have acted hereunder in a grossly negligent manner and if such court finding is final and no longer subject to appeal, then the Supporters shall be entitled to recover from New England Power direct damages (but not consequential or any other damages), resulting from such material intentional violation or gross negligence. New England Power will use its best efforts to enforce all contracts related to the construction and operation of the AC Facilities for the benefit of New England Power and the Supporters.

C. Audit. The books and records of New England Power (including metering records) related to this project shall be open to reasonable inspection and audit by any Supporter. The costs of any such audit, including the costs of New England Power in connection with such audit, shall be borne by the Supporter or Supporters requesting such audit. New England Power will promptly make any reasonable corrections necessitated as a result of such audit.

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D. Cost Reimbursement. In the event New England Power reasonably incurs any costs not provided for elsewhere herein in connection with or as a result of planning, organizing, documenting, construction, suspensions, rescheduling, cancellation, operation, maintenance, shutdown, demolition, disposition, or termination of the AC Facilities, or otherwise arising in connection with this Agreement, each Supporter shall promptly reimburse to New England Power, within 15 days of the mailing date of the invoice, its Support Share of such costs. However, New England Power will endeavor to account for any additional costs, to the extent such additional costs are properly capitalizable, over the shorter of the then remaining useful life of the AC Facilities or the remaining term of the Agreement.

E. Uncontrollable Force. No delay or failure in the performance of any obligation by New England Power shall be deemed to exist if it is the result of an "uncontrollable force". The term "uncontrollable force" shall be deemed to mean any cause beyond the reasonable control of New England Power, which New England Power could not reasonably have been expected to avoid by exercise of due diligence and foresight, including, without limiting the generality of the foregoing, storm, flood, lightning, earthquake, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor disturbance, sabotage, war, national

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emergency, or restraint by court or public authority. In such event, New England Power shall use reasonable diligence to notify the Participants of such event.

F. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of the parties and shall also be binding, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any party. Except (i) for a reallocation under Section 4 resulting from a default as provided in Section 16, (ii) for a sale, merger, or consolidation which results in the transfer of substantially all of a Supporter's assets to, and the assumption of all of the Supporter's obligations hereunder by, an electric utility which is a member of NEPOOL, and (iii) for an assignment by New England Power to an affiliated company of New England Power which expressly assumes New England Power's rights and obligations hereunder and acquires the

AC Facilities, and (iv) for a transfer of any or all of a Supporter's Support Share prior to the Effective Date as provided in Section 4 hereof, no assignment of this Agreement shall operate to relieve the assignor of its obligations under this Agreement without the written consent of the parties hereto. Written notice to all parties will be given prior to any assignment hereunder.

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G. Right of Setoff. No Supporter shall be entitled to set off against the payments required to be made by it hereunder (1) any amounts owed to it by New England Power, any affiliate of New England Power, or any other Supporter or (2) the amount of any claim by it against New England Power, any affiliate of New England Power, or any other Supporter. However, the foregoing shall not affect in any other way any Supporter's rights and remedies with respect to any such amounts owed to it by New England Power, any affiliate of New England Power, or any other Supporter or any such claim by it against New England Power or any other Supporter.

H. Amendments. New England Power shall have the right to amend the provisions of Section 13, including Attachments D and E, hereof from time to time by serving an appropriate statement of such amendment upon the Supporters and filing the same with the Federal Energy Regulatory Commission (or such other regulatory agency as may have jurisdiction) in accordance with the provisions of applicable laws and any rules and regulations thereunder, and the amendment shall thereupon become effective on the date specified therein, subject to any suspension order duly issued by such agency. The Supporters have the right to intervene in any regulatory proceeding brought by New England Power to consider such amendment of the provisions of Section 13.

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Any amendments changing the Support Shares of the Supporters (other than changes in Support Shares pursuant to Sections 4 and 16), the rights of the Supporters or a Supporter as specified in Sections 11 and 12, or the several nature of the obligations and rights of the Supporters hereunder as specified in Section 5, shall require consent by all parties. All other amendments to this Agreement shall be by mutual agreement of Supporters (of which New England Power shall be one) owning Support Shares aggregating at least 66-2/3%, evidenced by a written amendment signed by New England Power and such Supporters; and New England Power and all Supporters shall be bound by any such amendment.

I. Notices. Except as the parties may otherwise agree, any notice, request, bill, or other communication relating to this Agreement, or the rights, obligations or performance of the parties hereunder, shall be in writing and shall be effective upon delivery. Any such communication shall be considered as duly delivered when delivered in person or mailed by registered or certified mail, postage prepaid, to the respective post office address of the other parties shown following the signatures of such other parties hereto, or such other address as may be designated by written notice given as provided in this paragraph I.

J. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts.

K. Other.

(1) No action, regardless of form, arising out of this Agreement may be brought by any party hereto more than three years after the cause of action has arisen.

(2) In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

(3) All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law and shall survive either termination pursuant to this Agreement or cancellation.

(4) Each party shall, upon request of another party, execute and deliver any document reasonably required to implement any provision hereof.

(5) Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.

(6) This Agreement, with the other Basic. Agreements, Preliminary Quebec Interconnection Support Agreement - Phase II, the agreements with Hydro-Quebec regarding Phase II, and the basic agreements covering Phase I shall constitute the entire understanding among the parties and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.

(7) This Agreement is the act and obligation of the parties hereto in their corporate or governmental capacity, and any claim hereunder against any shareholder, director, officer, employee, or agent of any party, as such, is expressly waived.

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed by their duly authorized officers or agents.

NEW ENGLAND POWER COMPANY

By s/ R.O. Bigelow
Its Vice President

Address: 25 Research Drive
Westborough, MA 01582

Vermont Electric Power Company, Inc., as agent for each Vermont electric utility named, and with authority to bind each By such utility to the Its President extent of the percentage interest of the VELCO entitlement hereunder that is specified, on Schedule 1 to this signature page.

VERMONT ELECTRIC POWER COMPANY, INC.

By s/ John Zuckernick
Its President

Address: Pinnacle Ridge Road
P. O. Box 548
Rutland, VT 05701

CENTRAL MAINE POWER COMPANY

By s/ Donald F. Kelly
Its Vice President of Power Supply

Address: Edison Drive
Augusta, ME 04336

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BOSTON EDISON COMPANY

By s/ Stephen J. Sweeney
Its President & CEO

Address: 800 Boylston Street
Boston, MA 02199

CHICOPEE MUNICIPAL LIGHTING PLANT

By s/ Herve L. Plasse
Its Manager

Address: 725 Front Street
Chicopee, MA 01013

CENTRAL MAINE POWER COMPANY

By s/ Donald F. Kelly
Its Vice President of Power Supply

Address: Edison Drive
Augusta, ME 04336

THE CONNECTICUT LIGHT AND POWER COMPANY
WESTERN MASSACHUSETTS ELECTRIC COMPANY
HOLYOKE WATER POWER COMPANY
HOLYOKE POWER AND ELECTRIC COMPANY

By s/ William B. Ellis
Their Chairman
c/o Northeast Utilities Service Co.

Address: P.O. Box 270
Hartford, CT 06141-0270

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By s/ Frank L. Childs
Their Chairman

Address: 285 John Fitch Highway
P. O. Box 2070
Fitchburg, MA 01420

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THE UNITED ILLUMINATING COMPANY

By s/ Richard J. Grossi
Its Exec. Vice President

Address: 80 Temple Street
New Haven, CT 06506

BANGOR HYDRO-ELECTRIC COMPANY

By s/ T.A. Greenquist
Its President

Address: 33 State Street
Bangor, ME 04401

CANAL ELECTRIC COMPANY

By s/ Jeremiah V. Donovan
Its President

Address: 675 Massachusetts Avenue
Cambridge, MA 02139

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By s/ R. J. Harrison
Its President & Chief Executive Officer

Address: 1000 Elm Street
P. O. Box 330
Manchester, NH 03105

MONTAUP ELECTRIC COMPANY

By s/Arthur A. Hatch
Its Vice President

Address: c/o Eastern Utilities Associates
P. O. Box 2333
Boston, MA 02107

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MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY

By s/ Richard K. Byrne
Its General Manager & Secretary

Address: P. O. Box 426
Ludlow, MA 01056

TAUNTON MUNICIPAL LIGHTING PLANT

By s/ Joseph M. Blain
Its General Manager

Address: 55 Weir Street
Taunton, MA 02780

CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE

By s/ Maurice R. Scully
Its Executive Director

Address: 268 Thomas Road
Groton, CT 06340

NEWPORT ELECTRIC CORPORATION

By s/ Elliot G. Whitney
Its President & Gen. Mgr.

Address: 12 Turner Road
P. O. Box 4128
Middletown, R.I.
02840-0011

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UNITIL POWER CORP.

By s/ David K. Foote
Its Vice President

Address: 436 South River Road
RFD #9
Bedford, NH 03102-6197

PEABODY MUNICIPAL LIGHT PLANT

By s/ Bruce P. Patten
Its Manager

Address: 70 Endicott Street
Peabody, MA 01960

APPROVED:

By s/William A. Kennedy, Jr.
Town Manager of Town of Holden

Town of Holden

TOWN OF HOLDEN

By s/Neil E. Murray
Its Light Department Operating Manager

Address: Reservoir Street
Holden, MA 01520

Light Department's
1980 Kilowatthour load 63,676,000

TOWN OF MIDDLEBOROUGH

By s/John W. Dunfey
Its General Manager

Address: 32 South Main Street
Middleborough, MA 02346

Town of Middleborough

Light Department's
1980 Kilowatthour load 92,081,000

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TOWN OF WAKEFIELD

By s/ William J. Wallace
Its Manager

Wakefield Mun. Lt. Dept.
Address: 9 Albion Street
Wakefield, MA 01880

Town of Wakefield

Light Department's
1980 Kilowatthour load 107,609,000

TOWN OF NORTH ATTLEBORO

By s/ David Sweetland
Its Manager

Address: P.O. Box 790
North Attleboro, MA 02761

Town of North Attleboro

Light Department's
1980 Kilowatthour load 93,816,000

TOWN OF BOYLSTON

By s/ Edward H. Kimbell
Its Manager

Address: Sanatorium Road
Boylston, MA 01505

Town of Boylston

Light Department's
1980 Kilowatthour load 17,324,000

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TOWN OF HINGHAM

By s/ Joseph R. Spadea, Jr.
Its Manager

Address: Hingham Municipal
Lighting Plant
19 Elm Street
Hingham, MA 02043

Town of Hingham

Light Department's
1980 Kilowatthour load 103,929,000

TOWN OF ROWLEY

By s/ G. Robert Merry
Its Manager

Address: Rowley Municipal Lighting Plant
47 Summer Street
Rowley, MA 01969

Light Department's
1980 Kilowatthour load 13,551,000

Town of Rowley

TOWN OF HUDSON

By s/ Horst Huehmer
Its Manager

Address: TOWN OF HUDSON,
Light & Power Department,
Hudson, MA

WESTFIELD GAS & ELECTRIC LIGHT DEPARTMENT

By s/ Daniel Golubek
Its Manager

Address: 100 Elm Street
Westfield, MA 01085

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TOWN OF BRAINTREE ELECTRIC LIGHT DEPARTMENT

By s/ Walter R. McGrath
Its General Manager

Address: 44 Allen Street
Braintree, MA 02184

Light Department's
1980 Kilowatthour load 267,289,000

Town of Braintree

TOWN OF DANVERS

By s/ Wayne P. Marquis
Its Town Manager

By s/ Michael W. Madore
Its Electric Superintendent

Address: Electric Division
2 Burroughs Street
Danvers, MA 01923

Town of Danvers

Light Department's
1980 Kilowatthour load 206,806,000

TOWN OF WEST BOYLSTON

By s/Charles H. Coughlin
Its Manager

Address: 4 Crescent Street
West Boylston, MA 01583

Town of West Boylston

Light Department's
1980 Kilowatthour load 43,974,000

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CITY OF HOLYOKE

By s/ G.E. Leary
Its Manager

Address: Gas & Electric Department
70 Suffolk Street
Holyoke, MA 01040

City of Holyoke Light Department's
1980 Kilowatthour load 232,301,707

TOWN OF READING

By s/ Allan Ames
Its Secretary, Reading Municipal Light Board

Address: 25 Haven Street
P.O. Box 150
Reading, MA 01867

Town of Reading

Light Department's
980 Kilowatthour load 401,794,849

CONCORD MUNICIPAL LIGHT PLANT

By s/Steven E. Sheiffer
Its Town Manager
Address: 135 Keyes Road
Concord, MA 01742

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TOWN OF GROTON

By s/Roger H. Beeltje
Its Manager of Municipal Light

Address: Groton Electric Light Department
Station Avenue
Groton, MA 01450

Town of Groton

Light Department's
1980 Kilowatthour load 22,908,000

TOWN OF PRINCETON

By s/ Richard F. Wheeler
Its Manager

Address: Municipal Light Department
4 Town Hall Drive
P.O. Box 247
Princeton, MA 01541-0247

Town of Princeton

Light Department's
1980 Kilowatthour load 7,130,000

TOWN OF SHREWSBURY

By s/ Thomas R. Josie
Its Acting General Mgr

Address: 100 Maple Avenue
Shrewsbury, MA 01545

Town of Shrewsbury

Light Department's
1980 Kilowatthour load 146,303,000

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TOWN OF STERLING

By s/William H. Rugg
Its Manager

Address: 50 Main Street
Sterling, MA 01564-0430

Town of Sterling

Light Department's
1980 Kilowatthour load 24,510,000

TOWN OF SOUTH HADLEY

By s/Wayne D. Doerpholz
Its Manager

Address: 85 Main Street
South Hadley, MA

Town of South Hadley

Light Department's
1980 Kilowatthour load 99,981,000

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VELCO SCHEDULE 1

<u>Vermont Phase II Participant</u>	1980 Kilowatthour <u>Load</u>	Percentage <u>Interest</u>
Central Vermont Public Service Corporation	1,895,922,200	58.1197
Citizens Utilities Company	184,496,600	5.6558
Franklin Electric Light Company, Inc.	7,159,900	0.2195
Green Mountain Power Corporation	1,174,519,500	36.0050

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Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

Central Vermont Public Service Corporation
Citizens Utilities Company
Franklin Electric Light Company, Inc.
Green Mountain Power Corporation

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Schedule II

Massachusetts Municipal Wholesale Electric Company
Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System
Pascoag Fire District

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ATTACHMENT A

Except as provided below, if any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of Participants and 1980 kilowatthour load will be appropriately modified.

Participant	1980 Kilowatthour Load
The Connecticut Light and Power Company	16,002,437,000
Western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0
New England Power Company	15,444,975,840 (a), (b)
Boston Edison Company (Edison)	9,531,773,000 (b), (c)
Central Maine Power Company	6,053,571,000
Public Service Company of New Hampshire	5,043,242,871 (d)
The United Illuminating Company	4,715,078,120
Vermont Electric Power Company	3,262,098,200
Canal Electric Company	3,227,553,000
Montaup Electric Company	3,096,872,000 (e)
Bangor Hydro-Electric Company	1,305,625,118
Connecticut Municipal Electric Energy Cooperative	718,177,538
UNITIL Power Corp.	609,873,261 (f)
Massachusetts Municipal Wholesale Electric Company	470,025,000
Town of Reading Municipal Light Department	401,795,000
Newport Electric Corporation	382,745,000
Fitchburg Gas and Electric Light Co.	369,055,118
Taunton Municipal Lighting Plant	307,460,361
City of Chicopee Municipal Lighting Plant	279,273,169
Town of Braintree Electric Light Department	267,289,000
City of Peabody Municipal Light Plant	245,010,000
City of Westfield Gas & Electric Light Department	219,026,000
City of Holyoke Gas & Electric Light Department	214,448,000
Town of Danvers Electric Department	206,806,000
Town of Shrewsbury Electric Light Department	146,303,000
Hudson Light and Power Department	127,808,000
Town of Wakefield Municipal Lighting Department	107,609,000
Town of Hingham Municipal Lighting	103,929,000
Town of South Hadley Electric Light Department	99,981,000
Town of North Attleborough Electric Department	93,816,000
Town of Middleborough Gas and Electric Department	92,081,000
Town of Holden Municipal Light Department	63,676,000
Town of West Boylston Municipal Lighting Department	43,974,000
Town of Sterling Municipal Electric Department	24,510,000
Town of Groton Electric Light Department	22,908,000

Town of Boylston Municipal Light Department	17,324,000
Town of Rowley Municipal Light Department	13,551,000
Princeton Municipal Light Department	7,130,000
Town of Concord Municipal Light Plant	0 (c)
	<hr/> 76,698,146,596

(a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.

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(b) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.

(c) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, Concord shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.

(d) Includes New Hampshire retail 1980 kilowatthour load of 4,939,218,744.

(e) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.

(f) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

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ATTACHMENT B

Description of the AC Facilities

The AC Facilities will include the following:

- 1) 35.8 miles of 345 kV ac transmission line connecting Sandy Pond and Millbury #3 substations.
- 2) 16.0 miles of 345 kV ac transmission line connecting Millbury #3 to the West Medway substations (including about 2 miles of transmission line under lease from Boston Edison which provides Boston Edison with an option to terminate the lease and include such line under the Phase II Boston Edison AC Facilities Support Agreement).
- 3) 345 kV ac circuit breakers and miscellaneous equipment at Sandy Pond and Millbury #3.
- 4) Remove and rebuild two sections of two 115 kV ac transmission lines and remove and rebuild portions of two 69 kV ac transmission lines and support structures on the Sandy Pond to Millbury right-of-way; and install 115 kV ac circuit breakers and miscellaneous substation equipment.
- 5) Such other AC Facilities in Massachusetts as approved by the Supporters with aggregate Support Shares of 66 2/3% or more.

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ATTACHMENT C

Forms of the following documentation:

1. Opinion of Counsel
2. Certificate
3. Incumbency and Signature Certificate
4. Directors' Vote

[Please note - governmental entities may make appropriate modifications to these documents to reflect that they are not corporations.]

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[Form of Opinion of Counsel for Each Utility Participant]

New England Hydro-Transmission Electric Company, Inc.;
New England Hydro Transmission Corporation; or
New England Power Company

Gentlemen:

This opinion is furnished in connection with the execution and delivery by _____ (the Company) of the following Agreements: _____

We have acted as counsel to the Company, one of the Utility Participants, in connection with the execution and delivery of the Basic Agreements. We participated in reviewing and/or drafting the Agreements.

As general [special] counsel to the Company, we are generally familiar with its affairs. [If special counsel is giving the opinion, describe relationship to the Company.] We have reviewed the proceedings taken by the Company in connection with its authorization, execution, and delivery of the Agreements and any documentation supplied by the Company thereunder. We have also examined executed counterparts of the Agreements, have made such other investigation, and have examined such other records and documents, and have made such examination of law and satisfied ourselves as to such other matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below.

Based upon and subject to the foregoing and to the further qualifications in this opinion, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of [the jurisdiction of its incorporation], has the corporate power to own its assets and to transact the business in which it is engaged, and is duly qualified as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

2. The Company has (and in the case of the Agreements at the time of execution and delivery thereof, had) full corporate power, and legal right to execute, deliver and perform the Agreements, and the Company has taken all necessary corporate action to authorize the execution, delivery, and performance by it of the Agreements.

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3. The execution, delivery, and performance by the Company of the Agreements do not (a) contravene the Company's [charter documents] or by-laws, (b) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, or award known to us by which the Company is bound, (c) violate any indenture, instrument, or agreement known to us by which the Company is bound, or (d) result in or require the creation or the imposition of any lien pursuant to the provisions of any indenture, instrument, or agreement known to us by which the Company is bound.

4. No authorization, approval, consent, or other action by, and no notice to or filing with, any federal, state, or other governmental authority or regulatory body which has not been obtained or given and is not in full force and effect is required for the valid and lawful execution, delivery, and performance by the Company of the Agreements. [In this connection, to the extent it may be required by law, the approval of the Massachusetts Department of Public Utilities [Connecticut PUC, or other] has been given for the Agreements and the Company's performance thereunder by order(s) dated _____, which remains in full force and effect.]

5. The Agreements have each been duly executed and delivered by the Company and constitute the legal, valid, and binding obligations of the Company enforceable against it in accordance with their respective terms.

6. No action, suit, proceeding, or investigation at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened against or affecting the Company or its property or rights which, if adversely determined, would materially impair the ability of the Company to perform its obligations under the Agreements is known to us. Our opinion that the Agreements are enforceable, each in accordance with the terms thereof, is qualified to the extent that the enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, and similar laws of general application affecting the rights and remedies of creditors and secured parties, and to the further extent that the availability of the remedies of specific enforcement, injunctive relief, or any other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

Very truly yours,

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CERTIFICATE

I, (insert name), the Clerk (or Secretary or other principal recording officer) of (insert name of Utility Participant), a (insert state of organization) (the "Company") do hereby certify that:

(1) Attached hereto as Exhibit A is a true and correct copy of a vote duly adopted at a meeting of the Board of Directors of the

Company, duly called and held on _____, 198_, and that such vote and the authority vested thereby have not been amended or revoked and are still in full force and effect.

(2) Attached hereto as Exhibit B is a true and correct copy of the Articles of Organization (or other charter documents) of the Company, as amended and in effect as of the date of this Certificate.

(3) Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company, as amended and in effect as of the date of this Certificate.

(4) The persons (or person) listed on Exhibit D have been duly elected to the offices set forth adjacent to their respective names since the first day of June, 1985, and the signatures adjacent to their respective names are the genuine signatures of said officers.

IN WITNESS WHEREOF, I have placed my hand and the seal of the Company this _____ day of _____, 198_.

By: _____

Name:

Title:

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CONFIRMATION OF INCUMBENCY AND SIGNATURE OF
CLERK, SECRETARY, OR OTHER PRINCIPAL RECORDING OFFICER

I, (name), (title) of the Company, do hereby certify that (name of officer executing certificate) is and at all times subsequent to _____, 198_, has been the duly elected (title) of the Company and that the signature adjacent to his (or her) name is the genuine signature of said officer.

By: _____

Name:

Title:

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FORM OF DIRECTORS' VOTE APPROVING AGREEMENTS

VOTED: That in connection with this Company's participation in the Phase II expansion of the proposed interconnection between the New England Power Pool companies and Hydro-Quebec, the execution and delivery on behalf of this Company by _____, President, of the following agreements: (being collectively referred to in this vote as "Agreements") copies of which Agreements have been presented at this meeting, are hereby authorized, approved, ratified, and confirmed, and that the officers of this Company are further authorized severally to take any and all such further actions including the execution and delivery of such further documents, as such officers or any of them may deem necessary or appropriate in connection with the actions and documents authorized by this vote.

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ATTACHMENT D

Determination of Monthly Fixed Costs

Monthly Fixed Costs shall be 1/12 of the sum of Items 4, 5, 6, and 7 below.

Item 1. Investment in AC Facilities

Investment in AC Facilities shall be the total cost incurred by New England Power from time to time, as reflected in its plant accounts, of constructing the AC Facilities including construction work in progress, less a credit to reflect the difference in cost between the size of the existing conductors and those being installed for facilities described in item 4 of Attachment B. The amount of any contributions in aid of construction made in accordance with Section 17 shall be credited to the investment in AC Facilities. The net book value of the portion of New England Power's rights of way allocable to the new 345 kV facilities shall be included in the

investment in the AC Facilities. New England Power shall credit to investment in AC Facilities any amounts it receives from Boston Edison for the sale of a portion of the AC Facilities described in item (2) to Attachment B hereto, excluding any expenses relating to such sale.

Item 2. Net Investment in AC Facilities

The net investment in AC Facilities at any time shall be the investment in the AC Facilities determined in accordance with Item 1 less the sum of the following taken at the same time:

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(a) Accumulated depreciation accrued at the rate applicable in accordance with Item 7 and reflecting retirements, costs of removal and salvage, and

(b) Accumulated deferred Federal and state income taxes (not including any reserves for investment tax credits) arising from liberalized depreciation which are available to New England Power with respect to the AC Facilities under tax laws existing from time to time during the term of this Agreement.

Item 3. Prepaid Items and Working Capital

Prepaid items and working capital shall be the cost to New England Power of prepaid expenses and materials and supplies reasonably required to be on hand for the AC Facilities plus an allowance for cash working capital. Any allowance for cash working capital shall be limited to that not sufficiently recovered through the use of estimated billing for the current month.

Item 4. Investment Expense

The annual investment expense shall be the annual cost of capital related to the AC Facilities determined by multiplying (a) the arithmetic average of the sum of Items 2 and 3 determined as of the beginning and end of the current year by (b) the overall rate of return determined in accordance with the further provisions of this Item 4.

The overall rate of return shall equal the sum of the long-term debt, preferred stock, and common equity components, determined as follows:

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(a) Long-term Debt Component

The long-term debt component shall be the product of (1) the weighted average effective cost of money of 30-year taxable bonds issued by New England Power during the period from the Effective Date to the Date of Full Support Payment or, in the event that no such bonds are issued in this period, the yield on "A" utility bonds at the end of the year prior to the Date of Full Support Payment as published by Moody's Investors Service, times (2) the actual ratio of long-term debt to total permanent capital of New England Power at the end of the year prior to the Date of Full Support Payment.

(b) Preferred Stock Component

The preferred stock component shall be the product of (1) the weighted average effective cost of money of preferred stock issued by New England Power during the period from the Effective Date to the Date of Full Support Payment or, in the event that no such preferred stock is issued in this period, the dividend rate on "A" utility preferred stocks at the end of the year prior to the Date of Full Support Payment as published by Moody's Investors Service, times (2) the actual ratio of preferred stock to total permanent capital of New England Power at the end of the year prior to the Date of Full Support Payment.

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(c) Common Equity Component

The common equity component shall be the product of (1) the Return on Equity times (2) the actual ratio of common equity to total permanent capital of New England Power at the end of the year prior to the Date of Full Support Payment.

"Return on Equity" shall be the return on equity on file with the FERC and in effect under the Federal Power Act. New England Power shall from time to time request from the FERC a specific return on equity.

Item 5. Income and Franchise Tax Expenses

The income and franchise tax expenses shall be the annual amount of such taxes charged to expense by New England Power with respect to the AC Facilities after taking into account the normalization of timing differences and the flow through of permanent differences between book income and tax income. New England Power shall normalize investment tax credits relating to the AC Facilities by crediting expenses by an amount sufficient to amortize the balance in New England Power's unamortized investment tax credit account relating to the AC Facilities over the same period which NEP depreciates its other facilities which are similar to the AC Facilities.

Item 6. Property and Other Tax Expense

The property and other tax expense shall be the annual property tax expense and any other tax expense charged by New England Power to expense and directly allocable with respect to the AC Facilities.

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Item 7. Depreciation Expense

The annual depreciation expense shall be a percentage of the depreciable portion of the investment in the AC Facilities determined in accordance with Item 1 (including estimated cost of removal less any salvage which salvage value, for the purpose of calculating such depreciation will not exceed the amount of cost of removal). The percentage shall be established on a straight line basis over the same period which NEP depreciates its other facilities which are similar to the AC Facilities.

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ATTACHMENT E

Determination of Monthly Operating Costs

Monthly operating costs shall be the actual expense related to operation and maintenance of the AC Facilities or reasonable estimates thereof for the billed month as reportable on FERC Form No. 1, or any amendment thereto or replacement thereof, plus overheads consisting of allocable administrative and general expenses and payroll-related taxes. Procedures used in determining appropriate overheads shall be in accordance with good utility accounting practice and consistent with New England Power's usual practices. After the AC Facilities described in item number 4 on Attachment B are completed, monthly operating costs shall exclude any such costs relating to such AC Facilities.

Prior to the Date of Full Support Payment, New England Power will accrue all monthly operating costs incurred which relate to the AC Facilities in a deferred asset account on its books. On or about the Date of Full Support Payment and monthly thereafter, New England Power will include with its current monthly operating cost charges relating to the AC Facilities amounts sufficient to amortize such previously accrued operating costs over five years. Until such costs are billed and recovered from the Supporters, New England Power will accrue interest on such unamortized deferred operating cost charges at a rate equivalent to its current overall rate of return including a provision for taxes.

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ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the AC Facilities, Equity Sponsors under the Equity Funding Agreements have provided certain credit support for the project in excess of their Support Shares or those of their appointees.

A Credit Enhanced Supporter shall mean any Supporter which is also then a Credit Enhanced Participant under either of the Phase II HVDC Support Agreements. If the Phase II HVDC Support Agreements have been terminated, then a Credit Enhanced Supporter shall mean any Supporter that, immediately prior to the effective date of termination of the Phase II HVDC Support Agreements, was also a Credit Enhanced Participant thereunder.

As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge is required to be paid by the Supporters. If a Supporter is a Credit Enhanced Supporter by reason of below-investment grade, withdrawn or suspended debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Supporter will be paid by all Supporters with each Supporter paying its Support Share thereof; provided, however, that if a Supporter is a Credit Enhanced Supporter due to lack of debt

ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Supporter shall be paid by such Supporter.

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The Credit Enhancement Charge (A) attributed to a Credit Enhanced Supporter is a dollar value determined monthly by the following formula for each Supporter which is a Credit Enhanced Supporter (or was a Credit Enhanced Supporter):

$$A = 1/12 \times B/100 \times C/100 \times D \times E/100 + F$$

where B = the Supporter's Support Share (in percent)

C = the ratio of long-term debt to total permanent capital of New England Power (a) if prior to the month in which the Date of Full Support Payment occurs, at the end of the month, or (b) if in or after the month in which the Date of Full Support Payment occurs, at the end of the calendar year prior to the Date of Full Support Payment (in percent).

D = the net investment in AC Facilities at the end of the month.

E = debt premium (in percent) for the Credit Enhanced Supporter as shown in the following table:

<u>Credit Enhanced Supporter's Debt Rating*</u>	<u>E(%)</u>
Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
Ba2	3.32
Ba1	2.82

*Debt rating shall be the lower of the two highest ratings assigned to the Credit Enhanced

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Supporter's junior long-term debt by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the date such Supporter first became a Credit Enhanced Supporter. If the Supporter has a Support Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for that Supporter shall be such rating converted to a Moody's equivalent as measured at the date such Supporter first became a Credit Enhanced Supporter.

F = an amount calculated as follows: During the period from the Effective Date to the Date of Full Support Payment, F shall equal 0 and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Supporter with interest calculated at New England Power's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Supporter shall be treated as if it represented additional investment in the AC Facilities relating only to such Supporter. As a result, F shall include monthly amounts representing amortization of such previously accrued amount (with amortization over the same period which the investment in the AC Facilities is being amortized) plus one-twelfth of the overall rate of return (as defined in Attachment D hereof) times such unamortized accrued amount plus a provision for income taxes.

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ATTACHMENT G

Determination of Supporters' Share of Costs Associated with Interface Restrictions

The following methodology is meant to provide a general framework to determine the sharing of costs under Section 12A. The Supporters recognize that given the term of this Agreement, this methodology may have to be changed from time to time to reflect then current practices. Modifications shall be proposed by New England Power Company for approval by Supporters with aggregate Support Shares of 66-2/3% or more.

Determination of such costs shall be as follows:

1. Separate load flow studies will be made from time to time for each Hydro-Quebec purchase with deliveries from Hydro-Quebec represented by an appropriate allocation between Comerford and Sandy Pond. These load flow studies will be revised with each major change in transmission system configuration.
- 2.. For the load flow case representing the Phase II Firm Energy Contract, a load equal to each Supporter's percent share of the Hydro-Quebec maximum delivery, less any reductions for any entitlement transactions with Hydro-Quebec, will be represented at each Supporter's load center(s). For each load flow case representing a specific entitlement purchase from Hydro-Quebec, the entire maximum delivery from Hydro-Quebec will be represented at the load center(s) of the purchaser.
3. For each load-flow case, the aggregate resulting flow across the limited interface will be calculated.
4. In each case, this resulting flow will then be compared (i) to the AC Facilities Interface Transfer Capability Share less reductions for entitlements in the case of the Phase II Firm Energy Contract or (ii) to the individual Supporter's Supported Transfer Capability Share or fraction thereof in the case of an entitlement transaction with Hydro-Quebec. If the flow is in excess of the allocated transfer capability, the amount in excess will be used in the then applicable NEPOOL procedure to determine the dollar amount (if any) chargeable as a result of the restriction either to the Phase II Hydro-Quebec

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Savings Fund or to the individual Supporter, as applicable. If the allocated transfer capability exceeds the above determined flow, there is no charge related to the transaction with Hydro-Quebec and this excess may be used by the Supporter for other transactions.

CONFORMED

AMENDMENT NO. 1
TO
PHASE II NEW ENGLAND POWER AC
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of May 1, 1986, is between New England Power Company (New England Power), and the New England utilities listed in Attachment A to the Phase II New England Power AC Support Agreement, dated as of June 1, 1985 (the "New England Power AC Support Agreement"), and amends the New England Power AC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 19H of the New England Power AC Support Agreement, it is hereby agreed as follows:

- 1 Certain terms defined in the New England Power AC Support Agreement are used herein with the meanings there provided.
2. Attachments A and F of the New England Power AC Support Agreement are hereby deleted and replaced with the Attachments A and F attached hereto.
3. This Amendment shall become binding upon New England Power and the Supporters when it has been executed by Supporters (of which New England Power shall be one) owning Support Shares aggregating at least 66-2/3%.
4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

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IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

NEW ENGLAND POWER COMPANY

By s/ J.F. Kaslow
Its President

Address: 25 Research Drive
Westborough, MA 01582

VERMONT ELECTRIC POWER COMPANY, INC., as
Agent for Central Vermont Public Service
Corporation, Citizens Utilities Company,
Franklin Electric Light Company, Inc., and
Green Mountain Power Corporation

By s/ Richard W. Mallery
Its President

Address: Pinnacle Ridge Road
P. O. Box 548
Rutland, VT 05701

CENTRAL MAINE POWER COMPANY

By s/ Donald F. Kelly
Its Vice President, Power Supply

Address: Edison Drive
Augusta, ME 04336

BOSTON EDISON COMPANY

By s/ Stephen J. Sweeney
Its President & CEO

Address: 800 Boylston Street
Boston, MA 02199

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CHICOPEE MUNICIPAL LIGHTING PLANT

By s/ Herve L. Plasse
Its Manager

Address: 725 Front Street
Chicopee, MA 01013

THE CONNECTICUT LIGHT AND POWER COMPANY
WESTERN MASSACHUSETTS ELECTRIC COMPANY
HOLYOKE WATER POWER COMPANY
HOLYOKE POWER AND ELECTRIC COMPANY

By s/ W.T. Schultheis
Their Vice President

Address: c/o Northeast Utilities Service Company
P.O. Box 270
Hartford, CT 06141-0270

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By s/ Frank L. Childs
Its President

Address: 285 John Fitch Highway
P. O. Box 2070
Fitchburg, MA 01420

THE UNITED ILLUMINATING COMPANY

By s/ Richard J. Grossi
Its Exec. Vice President & COO

Address: 80 Temple Street
New Haven, CT 06506

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BANGOR HYDRO-ELECTRIC COMPANY

By s/ T.A. Greenquist
Its Chairman of the Board and President

Address: 33 State Street
Bangor, ME 04401

CANAL ELECTRIC COMPANY

By s/ Jeremiah V. Donovan
Its President

Address: 675 Massachusetts Avenue
Cambridge, MA 02139

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By s/ R. J. Harrison
Its President and Chief Executive Officer

Address: 1000 Elm Street
P. O. Box 330
Manchester, NH 03105

MONTAUP ELECTRIC COMPANY

By s/Arthur A. Hatch
Its Vice President

Address: c/o Eastern Utilities Associates
P. O. Box 2333
Boston, MA 02107

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY

By s/ Richard K. Byrne
Its General Manager & Secretary
Address: P. O. Box 426
Ludlow, MA 01056

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TAUNTON MUNICIPAL LIGHTING PLANT

By s/ Joseph M. Blain
Its General Manager

Address: 55 Weir Street
Taunton, MA 02780

CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE

By s/ Maurice R. Scully
Its Executive Director

Address: 268 Thomas Road
Groton, CT 06340

NEWPORT ELECTRIC CORPORATION

By s/ Elliot G. Whitney
Its President & Gen. Mgr.

Address: 12 Turner Road
P. O. Box 4128
Middletown, R.I.
02840-0011

UNITIL POWER CORP.

By s/ David K. Foote
Its Vice President

Address: 40 Constitution Drive
Bedford, NH 03102-6197

PEABODY MUNICIPAL LIGHT PLANT

By s/ Bruce P. Patten
Its Manager

Address: 70 Endicott Street
Peabody, MA 01960

TOWN OF HOLDEN

By s/ Neil E. Murray
Its Light Department Op. Mgr.

By s/ Brian J. Bullock
Its Town Manager

Address: Reservoir Street
Holden, MA 01520

TOWN OF MIDDLEBOROUGH

By s/ John W. Dunfey
Its Manager

Address: Town Hall
Nickerson Avenue
Middleborough, MA 02346

TOWN OF WAKEFIELD

By s/ William J. Wallace
Its Manager

Address: 9 Albion Street
Wakefield, MA 01880

TOWN OF NORTH ATTLEBORO

By s/ David Sweetland
Its Manager

Address: P.O. Box 790
North Attleboro, MA 02761

TOWN OF BOYLSTON

By
Its
Address: Sanatorium Road
Boylston, MA 01505

TOWN OF HINGHAM

By s/ Joseph R. Spadea, Jr.

Its Manager

Address: Hingham Municipal Lighting Plant
19 Elm Street
Hingham, MA 02043

TOWN OF ROWLEY

By s/ G. Robert Merry

Its Manager

Address: Rowley Municipal Lighting Plant
47 Summer Street
Rowley, MA 01969

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TOWN OF HUDSON LIGHT AND POWER DEPARTMENT

By s/ Horst Huehmer

Its Manager

Address: Hudson, MA

WESTFIELD GAS & ELECTRIC LIGHT DEPARTMENT

By s/ Daniel Golubek

Its Manager

Address: 100 Elm Street
Westfield, MA 01085

TOWN OF BRAINTREE ELECTRIC LIGHT DEPARTMENT

By s/ Walter R. McGrath

Its General Manager

Address: 44 Allen Street
Braintree, MA 02184

TOWN OF DANVERS

By s/ Michael w. Madore s/ Newton H. Sweet, Jr.

Its Electric Supt. / Acting Town Manager

TOWN OF WEST BOYLSTON

By s/Charles H. Coughlin
Its Manager

Address: 4 Crescent Street
West Boylston, MA 01583

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CITY OF HOLYOKE

By s/G.E. Leary
Its Mgr.

Address: Gas & Electric Department
70 Suffolk Street
Holyoke, MA 01040

TOWN OF READING

By s/Allan Ames
Its Secretary, Reading Municipal Light Board

Address: 25 Haven Street
P.O. Box 150
Reading, MA 01867

CONCORD MUNICIPAL LIGHT PLANT

By s/Steven E. Sheiffer
Its Town Manager

Address: 135 Keyes Road
Concord, MA 01742

TOWN OF GROTON

By s/Roger H. Beeltje
Its Manager

Address: Groton Electric Light Department
Station Avenue
Groton, MA 01450

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TOWN OF PRINCETON

By s/ Richard F. Wheeler
Its Manager

Address: Municipal Light Department
4 Town Hall Drive
P.O. Box 247
Princeton, MA 01541-0247

TOWN OF SHREWSBURY

By s/ Thomas R. Josie
Its General Mgr

Address: 100 Maple Avenue
Shrewsbury, MA 01545

TOWN OF STERLING

By s/William H. Rugg
Its Manager

Address: 50 Main Street
Sterling, MA 01564-0430

TOWN OF SOUTH HADLEY

By s/Wayne D. Doerpholz
Its Manager

Address: 85 Main Street
South Hadley, MA

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ATTACHMENT A

If any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of Supporters and 1980 kilowatthour load will be appropriately modified.

SUPPORTERS

1980 KILOWATTHOUR LOAD

Fitchburg Gas and Electric Light Co.	369,055,118
The United Illuminating Company	4,715,078,120
Bangor Hydro-Electric Company	1,305,625,118
Canal Electric Company	3,227,553,000
Public Service Company of New Hampshire	5,043,242,871
Central Maine Power Company	6,053,571,000
Vermont Electric Power Company	3,262,098,200
Boston Edison Company (Edison)	9,531,773,000 (c), (d)
City of Chicopee Municipal Lighting Plant	279,273,169
The Connecticut Light and Power Company	16,002,437,000
Western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0

Newport Electric Corporation	382,745,000
Montaup Electric Company	3,096,872,000 (b)
Connecticut Municipal Electric Energy Cooperative	718,177,538
Massachusetts Municipal Wholesale Electric Company (MMWEC)	483,576,000 (c), (f)
Taunton Municipal Lighting Plant	307,460,361
UNITIL Power Corp.	609,873,261 (e)
New England Power Company (NEP)	15,444,975,840 (a), (d)
Town of Peabody Municipal Light Plant	245,010,000 (f)
Town of Holden Municipal Light Department	63,676,000 (f)
Hudson Light and Power Department	127,808,000 (f)
Town of Middleborough Gas and Electric Department	92,081,000 (f)
Town of Braintree Electric Light Department	267,289,000 (f)
Town of Hingham Municipal Lighting Plant	103,929,000 (f)
Town of Boylston Municipal Light Department	17,324,000 (f)
Town of North Attleborough Electric Department	93,816,000 (f)
Town of Wakefield Municipal Lighting Department	107,609,000 (f)
City of Westfield Gas & Electric Light Department	219,026,000 (f)
Town of Danvers Electric Department	206,806,000 (f)
Town of West Boylston Municipal Lighting Plant	43,974,000 (f)
City of Holyoke Gas & Electric Light Department	214,448,000 (f)
Town of Reading Municipal Light Department	401,795,000 (f)
Town of Concord Municipal Light Plant	0 (c), (f)
Town of Groton Electric Light Department	22,908,000 (f)

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Princeton Municipal Light Department	7,130,000 (f)
Town of Shrewsbury Electric Light Department	146,303,000 (f)
Town of Sterling Municipal Electric Department	24,510,000 (f)
Town of South Hadley	99,981,000 (f)

(a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.

(b) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.

(c) (1) Concord Municipal Light Plant has elected to be a direct signatory to this Agreement. However, if it does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required, Concord will be grouped with MMWEC. (2) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, either Concord or MMWEC, whichever is appropriate, shall have an additional Support Share equal to 1.087% of Edison's initial Support Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Support Share shall be reduced by such amount.

(d) The 1980 kilowatthour loads shown for Boston Edison Company and New England, Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.

(e) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

(f) The amount shown for any of these municipal utilities will be added to MWEC's amount if such municipal (i) does not receive the required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, and (ii) elects at that time to be grouped with MMWEC.

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As a result of the support arrangements for building, owning, and financing the AC Facilities, Equity Sponsors under the Equity Funding Agreements have provided certain credit support for the project in excess of their Support Shares or those of their appointees. As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge is required to be paid by each Supporter which is a Credit Enhanced Supporter or was a Credit Enhanced Supporter during construction of the AC Facilities that has not fully paid its Credit Enhancement Charge accrued during the construction period.

The Credit Enhancement Charge (A) is a dollar value determined monthly by the following formula for each Supporter which is a Credit Enhanced Supporter (or was a Credit Enhanced Supporter as described above):

$$A = 1/12 \times B/100 \times C/100 \times D \times E/100 + F$$

where B = the Supporter's Support Share (in percent)

C = the ratio of long-term debt to total permanent capital of New England Power (a) if prior to the month in which the Date of Full Support Payment occurs, at the end of the month, or (b) if in or after the month in which the Date of Full Support Payment occurs, at the end of the calendar year prior to the Date of Full Support Payment (in percent).

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D = the net investment in AC Facilities at the end of the month.

E = debt premium (in percent) for the Credit Enhanced Supporter as shown in the following table:

<u>Credit Enhanced Supporter's Debt Rating*</u>	<u>E(%)</u>
Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
Bat	3.32
Bal	2.82

*Debt rating shall be the lower of the two highest ratings assigned to the Credit Enhanced Supporter's junior long-term debt by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the date such Supporter first became a Credit Enhanced Supporter. If the Supporter has a Support Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for that Supporter shall be such rating converted to a Moody's equivalent as measured at the date such Supporter first became a Credit Enhanced Supporter.

F = an amount calculated as follows: During the period from the Effective Date to the Date of Full Support Payment, F shall equal 0 and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Supporter with interest calculated at New England Power's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Supporter shall be treated as if it represented additional investment in the AC Facilities relating only to such Supporter. As a result, each such Supporter shall pay as F monthly amounts representing amortization of such previously accrued amount (with amortization over the same period which the investment in the AC Facilities is being amortized) plus one-twelfth of the overall rate of return (as defined in Attachment D hereof) times such unamortized accrued amount plus a provision for income taxes.

CONFORMED

AMENDMENT NO. 2
TO
PHASE II NEW ENGLAND POWER AC
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of February 1, 1987, is between New England Power Company (New England Power), and the New

England utilities listed in Attachment A to the Phase II New England Power AC Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1, dated as of May 1, 1986, (the "New England Power AC Support Agreement"), and amends the New England Power AC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 19H of the New England Power AC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New England Power AC Support Agreement are used herein with the meanings there provided.

2. Attachment D of the New England Power AC Support Agreement is hereby amended by deleting paragraph (c) of Item 4 thereof and replacing it with the following:

"(c) Common Equity Component

The common equity component shall be the product of (1) the Return on Equity times (2) the actual ratio of common equity to total permanent capital of New England Power at the end of the year prior to the Date of Full Support Payment.

"Return on Equity" shall be the return on equity on file with the FERC and in effect under the Federal Power Act.

New England Power shall from time to time request from the FERC a specific return on equity.

(i) Each Supporter agrees not to intervene in opposition to a request for a rate of return on equity ("R") filed by New England Power if such return is equal to or less than the rate determined in accordance with the applicable formula in paragraph (ii) below. Nothing in this section shall affect (a) the right of New England Power to request a rate of return on equity greater than that determined in accordance with the applicable formula in paragraph (ii) below or (b) the right of any Supporter to intervene in opposition to any such request.

(ii) If the FERC generic return on equity continues to be published for rate making purposes, then "R" shall be equal to the FERC generic return on equity in effect for filings made as of the date of the filing. If the FERC generic return on equity is no longer published for rate making purposes, then "R" shall be determined in accordance with the following formula:

$$R = A + B + C + D$$

where:

(1) A = Weighted average return on the average of three money market indicators

$$A = \frac{.25(E + F + G) + .75(H + I + J)}{3}$$

where:

E = The most recently available yield to maturity for Moody's "A" rated Public Utility Bonds.

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F = The most recently available yield for 10 year Constant Maturity Treasury Bonds.

G = The most recently released figure for the annualized increase in the United States GNP price deflator.

H = The average yield to maturity for the most recently available 36 month period for Moody's "A" rated Public Utility Bonds.

I = The average yield for 10 year Constant Maturity Treasury Bonds for the most recently available 36 month period.

J = The average of the annualized percentage increases in the United States GNP price deflator for the most recent 36 month period.

(2) B = The average equity premium required for utility stocks over the past 20 years.

$$B = K - \frac{L + M + N}{3}$$

where:

K = the average for the most recent 20 years of the sum of (i) the average annual yield for Moody's Electric Utility Common Stock, plus (ii) the ten year growth in dividends per share for such group of electric utilities.

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L = the average for the most recent 20 years of yields to maturity for Moody's "A" rated Utility Bonds.

M = The average for the most recent 20 years of the yield on ten year constant maturity treasury bonds.

N = The average for the most recent 20 years of the average annual percentage change in the United States GNP price deflator.

(3) C = issuance cost for common equity

$$C = .05(A + 8)$$

(4) D = a dilution allowance to compensate the parent company of New England Power for sale of common shares at a market price below book value

D = a percentage from 0 to 1 determined on a straight line basis where 1 represents the weighted average of the common shares of the parent company of New England Power selling at 30% below book and 0 represents those shares selling at book value. This percentage shall be calculated semiannually as of January 1 and July 1 of each year until the AC Facilities go into commercial operation. Each calculation shall cover the period beginning as of January 1 in the year this Agreement is dated as of and ending as of the date of the calculation. Book value is the average month end book value during a calculation period, and

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market price is the average of each quarter's high and low market price during calculation period. The calculation made as of January or July next preceding the date of commercial operation of the AC Facilities will be the percentage used thereafter until the end of the term of this Agreement.

Should any of the indices used in calculating the values of A and B be discontinued, or should the underlying basis for the calculations in any of these indices be modified, New England Power may substitute a substantially similar index for such discontinued or modified index.

Recognizing that this is a long-term contract and that money market conditions can drastically change over time, New England Power retains the option, if the above formulae produce for two consecutive months a number lower than the arithmetic average of the return on common equity approved within the last twelve months by regulatory commissions having jurisdiction over rates for each of the investor owned public electric utilities as reported in the publication "Argus Utility Scope Regulatory Service - Returns Authorized" to use such average return as the return on equity. In the event this publication is no longer currently available, New England Power will use a substantially similar publication which is available."

3. This Amendment shall become binding upon New England Power and the Supporters when it has been executed by Supporters (of which New England Power shall be one) owning Support Shares aggregating at least 66-2/3%.

4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

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IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

NEW ENGLAND POWER COMPANY

By s/J.F. Kaslow
Its President

Address: 25 Research Drive
Westborough, MA 01582

BANGOR HYDRO-ELECTRIC COMPANY

By s/T.A. Greenquist
Its Chairman and President

Address: 33 State Street
Bangor, ME 04401

BOSTON EDISON COMPANY

By s/Stephen J. Sweeney
Its Pres. and CEO

Address: 800 Boylston Street
Boston, MA 02199

CANAL ELECTRIC COMPANY on its behalf
and/or as agent for COMMONWEALTH
ELECTRIC COMPANY and/or CAMBRIDGE
ELECTRIC LIGHT COMPANY

By s/Jeremiah V. Donovan
Its President

Address: 2421 Cranberry Highway
Wareham, MA 02571

CENTRAL MAINE POWER COMPANY

By s/Donald F. Kelly
Its Vice President, Power Supply

Address: Edison Drive
Augusta, ME 04336

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CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE

By s/Maurice R. Scully
Its Executive Director

Address: 268 Thomas Road
Groton, CT 06340

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By s/Lawrence T. Gingrow, Jr.
Its Vice President

Address: 285 John Fitch Highway
Fitchburg, MA 01420

MONTAUP ELECTRIC COMPANY

By s/Donald G. Pardus
Its President

Address: c/o Eastern Utilities Associates
P. O. Box 2333
Boston, MA. 02107

NEWPORT ELECTRIC CORPORATION

By s/Elliott G. Whitney
Its President

Address: 12 Turner Road
P. O. Box 4128
Middletown, R.I. 02840

THE CONNECTICUT LIGHT AND POWER COMPANY
WESTERN MASSACHUSETTS ELECTRIC COMPANY
HOLYOKE WATER POWER COMPANY
HOLYOKE POWER AND ELECTRIC COMPANY

By s/Walter F. Torrance, Jr.
Its Senior Vice President

Address: P. O. Box 270
Hartford, CT 06141-0270

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THE UNITED ILLUMINATING COMPANY

By s/James T. Crowe
Its Senior Vice President,
Marketing

Address: 80 Temple Street
New Haven, CT 06506

UNITIL POWER CORP.

By s/David K. Foote
Its Vice President

Address: 40 Constitution Drive
Bedford, NH 03102-1959

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CONFORMED

AMENDMENT NO. 3
TO
PHASE II NEW ENGLAND POWER AC
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of June 1, 1987, is between New England Power Company (New England Power), and the New England utilities listed in Attachment A to the Phase II New England Power AC Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1, dated as of May 1, 1986, and Amendment No. 2, dated as of February 1, 1987, (the "New England Power AC Support Agreement"), and amends the New England Power AC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 19H of the New England Power AC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New England Power AC Support Agreement are used herein with the meanings there provided.

2. Attachment D of the New England Power AC Support Agreement is hereby amended by deleting paragraph (c) of Item 4 thereof and replacing it with the following:

"(c) Common Equity Component

The common equity component shall be the product of (1) the Return on Equity times (2) the actual ratio of common equity to total permanent capital of New England Power at the end of the year prior to the Date of Full Support Payment.

"Return on Equity" shall be the return on equity on file with the FERC and in effect under the Federal Power Act.

New England Power shall from time to time request from the FERC a specific return on equity."

3. This Amendment shall become binding upon New England Power and the Supporters when it has been executed by Supporters (of which New England Power shall be one) owning Support Shares aggregating at least 66-2/3%.

4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

NEW ENGLAND POWER COMPANY

By s/ R. O. Bigelow
Its Vice President

Address: 25 Research Drive
Westborough, MA 01582

BANGOR HYDRO-ELECTRIC COMPANY

By s/ T. A. Greenquist
Its Chairman of the Board &
President

Address: 33 State Street
P.O. Box 932
Bangor, ME 04401

BOSTON EDISON COMPANY

By s/ Stephen J. Sweeney
Its Pres. & CEO

Address: 800 Boylston Street
Boston, MA 02199

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT

By s/ Charles H. Coughlin
Its Manager

Address: 4 Crescent Street
West Boylston, MA 01583

WESTFIELD GAS & ELECTRIC DEPT.

By s/ Daniel Colubec
Its Manager

Address: 100 Elm Street
Westfield, MA 01085

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CONFORMED

AMENDMENT NO. 4
TO
PHASE II NEW ENGLAND POWER AC
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of September 1, 1987, is between New England Power Company (New England Power), and the New England utilities listed in Attachment A to the Phase II New England Power AC Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1, dated as of May 1, 1986, Amendment No. 2, dated as of February 1, 1987, and Amendment No. 3, dated as of June 1, 1987, (the "New England Power AC Support Agreement") and amends the New England Power AC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 19H of the New England Power AC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New England Power AC Support Agreement are used herein with the meanings there provided.
2. Section 13 is hereby deleted and replaced with the following Section 13:

Section 13. Support Charge

Commencing with the month in which the Date of Full Support Payment occurs (as defined in Section 14) and in each month thereafter, each Supporter shall pay in accordance with Section 14 its Support Share of a monthly Support Charge in an amount determined in accordance with this Section 13, plus a Credit Enhancement Charge as calculated in accordance with Attachment F.

The Support Charge shall be equal to New England Power's total supported cost of service related to the AC Facilities for such month. The "total supported cost of service related to the AC Facilities" for any month commencing with the month in which the Date of Full Support Payment occurs shall equal (A + B) where:

A = the Monthly Fixed Costs as determined in accordance with Attachment D; and
B = the Monthly Operating Costs as determined in accordance with Attachment E.

All costs included in the total cost of service related to the AC Facilities shall be in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission, as from time to time in effect.

If a Support Charge payment under Section 14 is to be calculated from a date other than the first day of a month, an appropriate proration of "A" and "B" above shall be made for such payment only.

On the fifteenth day of each month, New England Power will promptly pay to each Equity Sponsor its pro rata share of the Credit Enhancement Charges received through the preceding month.

[End of Section 13]

3. Section 14 is hereby amended by inserting in the first sentence of the fourth paragraph thereof after the words "Credit Enhanced Supporter" the following:

"(as defined in Attachment F)"

4. Attachment F of the New England Power AC Support Agreement is hereby deleted and replaced with the following Attachment F:

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ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the AC Facilities, Equity Sponsors under the Equity Funding Agreements have provided certain credit support for the project in excess of their Support Shares or those of their appointees.

A Credit Enhanced Supporter shall mean any Supporter which is also then a Credit Enhanced Participant under either of the Phase II HVDC Support Agreements. If the Phase II HVDC Support Agreements have been terminated, then a Credit Enhanced Supporter shall mean any Supporter that, immediately prior to the effective date of termination of the Phase II HVDC Support Agreements, was also a Credit Enhanced Participant thereunder.

As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge is required to be paid by the Supporters. If a Supporter is a Credit Enhanced Supporter by reason of below-investment grade, withdrawn or suspended debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Supporter will be paid by all Supporters with each Supporter paying its Support Share thereof; provided, however, that if a Supporter is a Credit Enhanced Supporter due to lack of debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Supporter shall be paid by such Supporter.

The Credit Enhancement Charge (A) attributed to a Credit Enhanced Supporter is a dollar value determined monthly by the following formula for each Supporter which is a Credit Enhanced Supporter (or was a Credit Enhanced Supporter):

$$A = 1/12 \times B/100 \times C/100 \times D \times E/100 + F$$

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where B = the Supporter's Support Share (in percent)

C = the ratio of long-term debt to total permanent capital of New England Power (a) if prior to the month in which the Date of Full Support Payment occurs, at the end of the month, or (b) if in or after the month in which the Date of Full Support Payment occurs, at the end of the calendar year prior to the Date of Full Support Payment (in percent).

D = the net investment in AC Facilities at the end of the month.

E = debt premium (in percent) for the Credit Enhanced Supporter as shown in the following table:

<u>Credit Enhanced Supporter's Debt Rating*</u>	<u>E(%)</u>
Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
Ba2	3.32
Ba1	2.82

*Debt rating shall be the lower of the two highest ratings assigned to the Credit Enhanced Supporter's junior long-term debt by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the date such Supporter first became a Credit Enhanced Supporter. If the Supporter has a Support Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for that Supporter shall be such rating converted to a Moody's equivalent as measured at the date such Supporter first became a Credit Enhanced Supporter.

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F = an amount calculated as follows:

During the period from the Effective Date to the Date of Full Support Payment, F shall equal 0 and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Supporter with interest calculated at New England Power's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Supporter shall be treated as if it represented additional investment in the AC Facilities relating only to such Supporter. As a result, F shall include monthly amounts representing amortization of such previously accrued amount (with amortization over the same period which the investment in the AC Facilities is being amortized) plus one-twelfth of the overall rate of return (as defined in Attachment D hereof) times such unamortized accrued amount plus a provision for income taxes.

[End of Attachment F]

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5. This Amendment shall become binding upon New England Power and the Supporters when it has been executed by Supporters (of which New England Power shall be one) owning Support Shares aggregating at least 66-2/3%.
6. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

NEW ENGLAND POWER COMPANY

By s/R.O. Bigelow
Its Vice President

Address: 25 Research Drive
Westborough, MA 01582

BOSTON EDISON COMPANY

By s/Stephen J. Sweeney
Its Chairman and CEO

Address: 800 Boylston Street
Boston, MA 02199

CANAL ELECTRIC COMPANY

By s/Jeremiah V. Donovan
Its President

Address: 2421 Cranberry Highway
Wareham, MA 02571

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CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE

By s/Maurice R. Scully
Its Executive Director

Address: 268 Thomas Road
Groton, CT 06340

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By s/Frank L. Childs

Its President

Address: P. O. Box 2070
Fitchburg, MA 01420

MONTAUP ELECTRIC COMPANY

By s/Donald G. Pardus
Its President

Address: c/o Eastern Utilities Associates
P. O. Box 2333
Boston, MA. 02107

NEWPORT ELECTRIC CORPORATION

By s/Elliott G. Whitney
Its President

Address: 12 Turner Road
P. O. Box 4128
Middletown, R.I 02840

THE CONNECTICUT LIGHT AND POWER COMPANY
WESTERN MASSACHUSETTS ELECTRIC COMPANY
HOLYOKE WATER POWER COMPANY
HOLYOKE POWER AND ELECTRIC COMPANY

By s/Walter F. Torrance, Jr.
Its Senior Vice President

Address: P. O. Box 270
Hartford, CT 06141-0270

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By s/R.J. Harrison
Its President and Chief Executive
Officer

Address: 1000 Elm Street
P.O. Box 330
Manchester, NH 03105-0330

THE UNITED ILLUMINATING COMPANY

By s/Richard J. Grossi
Its Executive Vice President & COO

Address: 80 Temple Street
New Haven, CT 06506

UNITIL POWER CORP.

By s/David K. Foote
Its Vice President

Address: 40 Constitution Drive
Bedford, NH 03102-1959

VERMONT ELECTRIC POWER COMPANY, INC., as
Agent for Citizens Utilities Co.,
Franklin Electric Light Co., Green
Mountain Power Corp., and Central
Vermont Public Service Corporation

By s/Richard W. Mallery
Its President

Address: Pinnacle Ridge Road
P.O. Box 548
Rutland, Vermont 05701

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CONFORMED

AMENDMENT NO. 5
TO
PHASE II NEW ENGLAND POWER AC
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of August 1, 1988, is between New England Power Company (New England Power), and the New England utilities listed in Attachment A to the Phase II New England Power AC Support Agreement, dated as of June 1, 1985, as amended (the "New England Power AC Support Agreement") and amends the New England Power AC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 19H of the New England Power AC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New England Power AC Support Agreement are used herein with the meanings therein provided.
2. Section 2 is hereby amended by (i) changing each reference to a "June 1, 1986" deadline to "September 15, 1988," and (ii) changing each reference to a "March 1, 1986" deadline to "September 1, 1988."
3. Section 2 is hereby amended by deleting, in the last paragraph thereof, the word "Section" and inserting in lieu thereof "Agreement."
4. Section 4A is hereby amended by deleting, in the second paragraph thereof, the words "on and as of June 1, 1986, (or such other later deadline as specified by New England Power under Section 2)," and inserting in lieu thereof "on or before the Effective Date."
5. Section 4B is hereby amended by deleting the word "date".
6. Section 15 is hereby amended by adding the following clause to the end of the first sentence thereof:
"; provided, however, that nothing in this Section 15 shall (a) prevent a Supporter from transferring its interests and obligations hereunder to another Supporter prior to the Effective Date, or (b) impose any continuing liabilities or obligations on said transferring Supporter with respect to this Agreement incurred or relating to the period of time after said transferring Supporter's Support Share has been reduced to zero."
7. Section 19F is hereby amended by inserting into the second sentence thereof after the words "the AC Facilities," the following:
"and (iv) for a transfer of any or all of a Supporter's Support Share prior to the Effective Date as provided in Section 4 hereof,"
8. The first attached Schedule I is hereby deleted and replaced with the second attached Schedule I.
9. Schedule II is hereby deleted and replaced with the attached Schedule II.

10. Attachment A to the Agreement is hereby deleted and replaced with the attached Attachment A.

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11. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

NEW ENGLAND POWER COMPANY

By s/ J.F. Kaslow
Its President

Address: 25 Research Drive
Westborough, MA 01582

BOSTON EDISON COMPANY

By s/ Stephen J. Sweeney
Its President & CEO

Address: 800 Boylston Street
Boston, MA 02199

BOYLSTON MUNICIPAL LIGHT DEPT

By s/ H. Bradford White, Jr.
Its Manager

Address: Sanatorium Road
Boylston, MA 01505

BRAINTREE ELECTRIC LIGHT DEPARTMENT

By s/ Walter R. McGrath
Its General Manager

Address: 44 Allen Street
Braintree, MA 02184

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CANAL ELECTRIC COMPANY

By s/ Jeremiah V. Donovan
Its President

Address: 2421 Cranberry Highway
Wareham, MA 02571

CITY OF CHICOPEE MUNICIPAL LIGHTING PLANT

By s/ Barry W. Soden
Its Manager

Address: 725 Front Street
Chicopee, MA 01013

CONCORDS MUNICIPAL LIGHT PLANT

By s/ Daniel J. Sack
Its Superintendent

Address: 135 Keyes Road
Concord, MA 01742

CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE

By s/ Maurice R. Scully
Its Executive Director

Address: 30 Stott Avenue
Norwich, CT 06360-1535

TOWN OF DANVERS ELECTRIC DIVISION

By s/ Wayne P. Marquis
Its Town Manager

Address: 2 Burroughs Street
Danvers, MA 01923

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By s/ Frank L. Childs
Its President

Address: 285 John Fitch Highway
Fitchburg, MA 01420-8207

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GROTON ELECTRIC LIGHT DEPT.

By s/ Roger H. Beeltje
Its Manager

Address: P. O. Box 679
Station Avenue
Groton, MA 01450

HINGHAM MUNICIPAL LIGHTING PLANT

By s/ Joseph R. Spadea, Jr.
Its General Manager

Address: 19 Elm Street
Hingham, MA 02043
TOWN OF HOLDEN

By s/ Brian J. Bullock
Its Town Manager

Address: 1204 Main Street
Holden, MA 01520

HOLYOKE GAS AND ELECTRIC DEPARTMENT

By s/ G.E. Leary
Its Manager

Address: 70 Suffolk Street
Holyoke, MA 01040

HUDSON LIGHT AND POWER DEPARTMENT

By s/ Horst Huehmer
Its Manager

Address: 49 Forest Avenue
Hudson, MA 01749

MIDDLEBOROUGH GAS & ELECTIC DEPARTMENT

By s/ John W. Dunfey
Its General Manager

Address: 32 South Main Street
Middleborough, MA 02346 -2396

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MONTAUP ELECTRIC COMPANY

By s/ Robert F. Wolff
Its Vice President

Address: c/o Eastern Utilities Associates
P. O. Box 2333
Boston, MA 02107

NEWPORT ELECTRIC CORPORATION

By s/ Elliot G. Whitney
Its President

Address: 12 Turner Road
P. O. Box 4128
Middletown, RI 02840-0011

THE CONNECTICUT LIGHT AND POWER COMPANY
WESTERN MASSACHUSETTS ELECTRIC COMPANY
HOLYOKE WATER POWER COMPANY
HOLYOKE POWER AND ELECTRIC COMPANY

By s/ W. T. Schultheis
Its Vice President

Address: P. O. Box 270
Hartford, CT 06141

PEABODY MUNICIPAL LIGHT PLANT

By s/ Victor Unhao
Its Assistant Manager

Address: 70 Endicott Street
Peabody, MA 01960

PRINCETON MUNICIPAL LIGHT DEPT.

By s/ Sharon A. Staz
Its Manager

Address: P. O. Box 247
Princeton, MA 01541

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*Signature of this amendment in no way affects PSNH's right to assume or reject the underlying contract and the amendment will be treated as if executed immediately before PSNH filed its petition in Bankruptcy.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By s/ R. J. Harrison
Its President and Chief Executive Officer

Address: 1000 Elm Street
P. O. Box 330
Manchester, NH 03105-0330

ROWLEY MUNICIPAL LIGHTING PLANT

By s/ Robert Merry
Its Manager

Address: 47 Summer Street
Rowley, MA 01969

SHREWSBURY'S ELECTRIC LIGHT PLANT

By s/ Thomas R. Josie
Its General Manager

Address: 100 Maple Avenue
Shrewsbury, MA 01545

TAUNTON MUNICIPAL LIGHT PLANT

By s/ Joseph M. Blain
Its General Manager

Address: 55 Weir Street
Taunton, MA 02780

UNITED ILLUMINATING COMPANY

By s/ James F. Crowe
Its Senior Vice President

Address: 80 Temple Street
New Haven, CT 06506

UNITIL POWER CORP.

By s/ David K. Foote
Its Vice President

Address: 216 Epping Road
Exeter, NH 03833

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VERMONT ELECTRIC POWER COMPANY, INC.

By s/ Richard W. Mallary
Its President

Address: P. O. Box 548
Rutland, VT 05701

WAKEFIELD MUN. LT. DEPT.

By s/ William J. Wallace
Its Manager

Address: 9 Albion Street
Wakefield, MA 01880

WEST BOYLSTON MUNICIPAL LIGHTING PLANT

By s/ Robert E. Goodnow
Its Chairman

Address: 4 Crescent Street
West Boylston, MA 01583

WESTFIELD GAS & ELECTRIC LIGHT DEPARTMENT

By s/ Daniel Golubek
Its Manager

Address: 100 Elm Street
Westfield, MA 01085

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Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

City of Burlington Electric Department
Central Vermont Public Service Corporation
Citizens Utilities Company
Village of Enosburg Falls Water & Light Department
Franklin Electric Light Company
Green Mountain Power Corporation
Village of Hardwick Electric Department
Village of Ludlow Electric Light Department
Village of Lyndonville Electric Department
Village of Morrisville Water & Light Department
Village of Northfield Electric Department
Village of Stowe Water and Light Department
Village of Swanton
Vermont Electric Generation & Transmission Coop., Inc.
Vermont Marble Company
Washington Electric Cooperative, Inc.

[DELETED]

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Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

Central Vermont Public Service Corporation
Citizens Utilities Company
Franklin Electric Light Company, Inc.
Green Mountain Power Corporation

[INSERTED]

Schedule II

Massachusetts Municipal Wholesale Electric Company
Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

Except as provided below, if any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of Participants and 1980 kilowatthour load will be appropriately modified.

<u>Participant</u>	<u>1980 Kilowatthour Load</u>
The Connecticut Light and Power Company	16,002,437,000
Western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0
New England Power Company	15,444,975,840 (a), (b)
Boston Edison Company (Edison)	9,531,773,000 (b), (c)
Central Maine Power Company	6,053,571,000
Public Service Company of New Hampshire	5,043,242,871 (d)
The United Illuminating Company	4,715,078,120
Vermont Electric Power Company	3,262,098,200
Canal Electric Company	3,227,553,000
Montaup Electric Company	3,096,872,000 (e)
Bangor Hydro-Electric Company	1,305,625,118
Connecticut Municipal Electric Energy Cooperative	718,177,538
UNITIL Power Corp.	609,873,261 (f)
Massachusetts Municipal Wholesale Electric Company	470,025,000
Town of Reading Municipal Light Department	401,795,000
Newport Electric Corporation	382,745,000
Fitchburg Gas and Electric Light Co.	369,055,118
Taunton Municipal Lighting Plant	307,460,361
City of Chicopee Municipal Lighting Plant	279,273,169
Town of Braintree Electric Light Department	267,289,000
City of Peabody Municipal Light Plant	245,010,000
City of Westfield Gas & Electric Light Department	219,026,000
City of Holyoke Gas & Electric Light Department	214,448,000
Town of Danvers Electric Department	206,806,000
Town of Shrewsbury Electric Light Department	146,303,000
Hudson Light and Power Department	127,808,000
Town of Wakefield Municipal Lighting Department	107,609,000

Town of Hingham Municipal Lighting	103,929,000
Town of South Hadley Electric Light Department	99,981,000
Town of North Attleborough Electric Department	93,816,000
Town of Middleborough Gas and Electric Department	92,081,000
Town of Holden Municipal Light Department	63,676,000
Town of West Boylston Municipal Lighting Department	43,974,000
Town of Sterling Municipal Electric Department	24,510,000
Town of Groton Electric Light Department	22,908,000
Town of Boylston Municipal Light Department	17,324,000
Town of Rowley Municipal Light Department	13,551,000
Princeton Municipal Light Department	7,130,000
Town of Concord Municipal Light Plant	0 (c)
	<hr/>
	76,698,146,596

(a) Includes the New Hampshire retail 1980 kilowatthour load of 434,290,243.

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- (b) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.
- (c) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, Concord shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.
- (d) Includes New Hampshire retail 1980 kilowatthour load of 4,939,218,744.
- (e) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.
- (f) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

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(COMPOSITE CONFORMED COPY - as amended)

Amendment No. 1- May 1, 1986

Amendment No. 2-February 1, 1987

Amendment No. 3-June 1, 1987

Amendment No. 4-Sept. 1, 1987

Amendment No. 5-October 1, 1987

Amendment No. 6-August 1, 1988

Amendment No. 7-January 1, 1989

Amendment No. 8-January 1, 1990

PHASE II NEW HAMPSHIRE TRANSMISSION

FACILITIES SUPPORT AGREEMENT

Dated as of June 1, 1985

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PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This AGREEMENT dated as of June 1, 1985, is between New England Hydro-Transmission Corporation (New Hampshire Hydro) and the New England utilities listed in Attachment A hereto. Those New England utilities that have executed this Agreement and meet the further conditions for participation hereunder are hereinafter referred to as Participants or individually as a Participant. The Participants, each of which is a member of the New England Power Pool (NEPOOL), are sometimes referred to collectively herein, but their rights and obligations hereunder are several and not joint as described in Section 5 hereof.

In consideration of the premises, the concurrent execution of the other Basic Agreements hereinafter referred to, the mutual covenants hereinafter and therein set forth, and other good and valuable consideration, receipt whereof is hereby acknowledged, it is hereby agreed as follows:

Section 1. Basic Understandings and Purpose

Some or all of the Participants are participants in the existing arrangements for the Phase I interconnection planned by NEPOOL with Hydro-Quebec, which is to consist of a ± 450 kV HVDC transmission line from a terminal at the Des Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a substation at the Comerford Generating Station on the Connecticut River (hereinafter referred to as Phase I). The basic arrangements covering the portion of Phase I in the United States are set forth in the New England Power Pool Agreement, as amended (the NEPOOL Agreement) and three contracts among the participants in Phase I as follows:

1. Vermont Transmission Line Support Agreement, dated as of December 1, 1981, as amended, with Vermont Electric Transmission Company, Inc.
2. Phase I Terminal Facilities Support Agreement, dated as of December 1, 1981, as amended, with New England Electric Transmission Corporation, and
3. Agreement With Respect To Use Of Quebec Interconnection, dated as of December 1, 1981, as amended, including the restatement thereof in connection with Phase II (this Agreement as restated to cover Phase II is hereinafter referred to as the Use Agreement).

These Phase I interconnection facilities are currently under construction with completion scheduled during 1986.

With the completion of arrangements for Phase I and the related contracts with Hydro-Quebec, the members of NEPOOL have conducted studies of the benefits of an expanded interconnection for NEPOOL with Hydro-Quebec (Phase II) and have negotiated with Hydro-Quebec a firm energy arrangement to utilize the expanded interconnection facilities. The results of these studies indicate that such an expansion of the interconnection capacity will be beneficial to the New England utilities and to their respective customers.

The portion of Phase II in the United States will consist of an extension of the Phase I DC transmission line from the proposed terminus of Phase I at the Comerford Station through New Hampshire to a site in Massachusetts with additional terminal facilities installed at that site to increase the total transfer capacity between Hydro Quebec and NEPOOL from the 690 MW of Phase I to approximately 2000 MW. Reinforcements to the existing AC transmission system of New England Power and to certain AC facilities of Boston Edison Company will also be required. The United States portion of the Phase II facilities will be designated as pool-planned

facilities in the same manner as the United States portion of the Phase I facilities was so designated.

Hydro Quebec and the Participants have agreed to enter into a ten year energy contract for Phase II. Under that contract, the Participants would purchase, at favorable prices from Hydro Quebec, 7 Twh of energy per year. The Phase II energy will provide an opportunity to displace oil as a fuel for generation and should reduce consumers' annual fuel costs in New England. The commitment of Hydro Quebec to supply to the Participants this large amount of energy should also defer New England's need for expensive new generation. There is also the potential for additional benefits from Phase II, such as energy banking, energy interchange, and emergency transfer for mutual reliability purposes.

Studies performed on behalf of and by NEPOOL show that the aggregate present value of these benefits is expected to significantly exceed the cost of Phase II. The Phase I Support Agreements provide for allocation of participation in Phase II pro rata among all Participants based upon their proportionate shares of the 1980 NEPOOL load with provision for some preferential allocations to certain Participants involved in Phase II.

Each Participant acknowledges that it has been represented on the Executive and Planning Committees of NEPOOL that had responsibility for evaluating the feasibility of Phase II and, through this representation, actively participated in the decision of NEPOOL to go forward with Phase II. Furthermore, each Participant represents that it made its own independent investigations and inquiries as it deemed appropriate and did not rely upon representations (other than those contained in this Agreement) of New Hampshire Hydro or its affiliates in deciding to enter into this Agreement.

The sharing of benefits among the Participants associated with Phase II is set forth in the Use Agreement. The Use Agreement also permits each Participant to make its own entitlement transactions with Hydro Quebec and to use the interconnection for such transactions. Each Participant acknowledges that the benefits of participating in Phase II set forth in the Use Agreement are the fundamental consideration for its signing of this Agreement and making the significant commitments to each other Participant specified herein.

The provisions of this Agreement cover the Phase II New Hampshire HVDC transmission line (the Transmission Facilities) as described in more detail in Attachment B hereto. In accordance with the provisions hereof, New Hampshire Hydro agrees to build, own, operate, and maintain the Transmission Facilities. Each

Participant hereby agrees to support the construction, operation, maintenance, and capital costs of the Transmission Facilities in accordance with the provisions hereof. In connection with the HVDC transmission line to be constructed by New Hampshire Hydro in New Hampshire, New England Power and Public Service Company of New Hampshire have agreed to lease rights-of-way to New Hampshire Hydro for the full term of this Agreement.

All improvements and reinforcements to AC transmission systems in Massachusetts necessitated by Phase II are covered under the Phase II New England Power AC Facilities Support Agreement and the Phase II Boston Edison AC Facilities Support Agreement.

The portion of the Phase II HVDC transmission line to be constructed in Massachusetts and the terminal facilities to be constructed in Massachusetts are covered under the Phase II Massachusetts Transmission Facilities Support Agreement among New England Hydro-Transmission Electric Company, Inc. (New England Hydro), an affiliate of New Hampshire

Hydro, and the Participants. New England Hydro will build, own, operate, and maintain these Massachusetts Phase II facilities.

In view of the need to formalize the agreements among the parties at an early date so that (i) binding commitments with Hydro Quebec for Phase II may be made, (ii) binding commitments for ultimate construction and the financing of the United States portion of Phase II may be undertaken consistent with the time schedule anticipated by NEPOOL and with the assurance that the Participants' commitments are in place and (iii) licensing activities may proceed on a schedule that enables completion of such construction consistent with the time schedule anticipated by NEPOOL, the following agreements are concurrently being entered into (the "Basic Agreements") which collectively set forth rights and obligations with respect to the foregoing undertaking: (1) this Agreement; (2) the Equity Funding Agreement for New Hampshire Hydro; (3) the Phase II Massachusetts Transmission Facilities Support Agreement; (4) the Equity Funding Agreement for New England Hydro; (5) the Phase II New England Power AC Facilities Support Agreement; (6) the Use Agreement; (7) various amendments to the NEPOOL Agreement relating to the sharing of savings, capability responsibilities, and Pool transmission arrangements; and (8) the Phase II Boston Edison AC Facilities Support Agreement.

In order to coordinate each Participant's participation in Phase II to the fullest extent possible, each Participant acknowledges that it is to have the same participating interest under each of these agreements: this Agreement, the Phase II Massachusetts Transmission Facilities Support Agreement, the Phase II New England Power AC Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, and the Use Agreement. Each Participant acknowledges that these agreements have been drafted with the overriding intent to so coordinate participating interests and that, notwithstanding any provision thereof that may be

interpreted to the contrary, the proper interpretation of each of these agreements is to be consistent with such overriding intent. The Equity Funding Agreement for New Hampshire Hydro and the Equity Funding Agreement for New England Hydro have also been drafted to require actions of Equity Sponsors or their appointees affecting such participating interests to be the same under each Equity Funding Agreement in order to also be consistent with such overriding intent.

During the term of this Agreement, New Hampshire Hydro shall limit its activities to those necessary or desirable in connection with Phase II unless New Hampshire Hydro requests authority from the Advisory Committee for other activities and such authority is granted. New Hampshire Hydro shall endeavor to obtain permanent debt financing at reasonable rates with maturities approximating to the extent practicable the then remaining useful life of the Transmission Facilities or to secure other advantageous financial arrangements. New Hampshire Hydro will limit its equity investment to a maximum of 40% of its total capital as of the Effective Date. During the time that New Hampshire Hydro has outstanding debt in its capital structure, New Hampshire Hydro shall use its best efforts to continue to limit its equity investment to 40% of its total capital; provided, however, that New Hampshire Hydro shall be under no obligation to so limit its equity investment in the event that, after the Date of Full Support Payment (as defined in Section 13) the term of its debt financing or other financing arrangements is less than ten years.

New Hampshire Hydro's common equity will be provided under the Equity Funding Agreement by the Equity Sponsors thereunder including New England Electric System (NEES) and those Participants or their authorized designees that qualify by having outstanding long-term debt securities rated at least one grade above the lowest investment grade rating as of the date so

required under the Equity Funding Agreement. (The form of Equity Funding Agreement is included as Attachment G hereto.) The Equity Funding Agreement requires equity contributions to New Hampshire Hydro from Equity Sponsors up to a maximum of \$90 million unless Equity Sponsors having an aggregate of 66-2/3% equity participation agree to increase such maximum.

However, prior to the Effective Date, all equity of New Hampshire Hydro will be contributed by NEES.

To provide assurance that adequate funds will be available to support the financing of the Transmission Facilities, each Participant has agreed, in accordance with Section 14 hereof, to an absolute and unconditional obligation to make payments hereunder and to meet all other commitments hereunder, including but not limited to those of Section 19 hereof. In order to provide further assurance that adequate debt financing will be available to New Hampshire Hydro, the Equity Sponsors have agreed in the Equity Funding Agreement to severally guarantee certain obligations under Section 19 hereof of certain Participants with respect to each debt financing of New Hampshire Hydro; provided that the several guarantees of the Equity Sponsors are subject to the limits as set forth in section 8 C and D of the Equity Funding Agreement for New Hampshire Hydro; and further provided that one or more Equity Sponsors or their appointees may voluntarily agree to guarantee additional amounts of obligations under such debt financing. During the term of each New Hampshire Hydro debt financing, any Participant which, on the commitment date of that financing, (a) had below investment grade debt ratings on its most junior long-term debt securities or did not have a debt rating, (b) had not provided substitute credit enhancement in accordance with Attachment F, and (c) is credit enhanced by Equity Sponsors for such financing, is a Credit Enhanced Participant. In addition, any

Participant which is a credit enhanced participant under the Phase II Massachusetts Transmission Facilities Support Agreement is also a Credit Enhanced Participant hereunder.

Section 2. Precedent to Effectiveness

The effectiveness of this Agreement, and all rights, obligations, and performance of the signatories hereunder, is subject to (a) New Hampshire Hydro having executed this Agreement, (b) members of NEPOOL serving at least 66 2/3% of the aggregate kilowatthour load served by all NEPOOL members in 1980 (i) each having executed this Agreement and the other Basic Agreements (except for the two Equity Funding Agreements executed by the Equity Sponsors and the amendments to the NEPOOL Agreement) and (ii) each having satisfied the conditions precedent set forth below, (c) Equity Sponsors covering at least 100% of New Hampshire Hydro's equity requirements having executed the Equity Funding Agreement with New Hampshire Hydro and covering at least 100% of New England's Hydro's equity requirements having executed the Equity Funding Agreement with New England Hydro, and (d) members of NEPOOL having executed the amendments to the NEPOOL Agreement for Phase II in order that such amendments may become effective in accordance with the NEPOOL Agreement. The signatories to this Agreement shall also sign and supply any required documentation under the Phase II Massachusetts Transmission Facilities Support Agreement, the Phase II New England Power AC Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, the Use Agreement, and amendments to the NEPOOL Agreement relating to Phase II.

By September 15, 1988, each signatory to this Agreement shall provide certificates and legal opinions from counsel satisfactory to New Hampshire Hydro, together with certified copies of related resolutions, consents, approvals, authorizations, and other documents (Documentation)

necessary to establish to the satisfaction of New Hampshire Hydro that all corporate and regulatory consents, waivers, approvals, authorizations and other actions necessary in connection with performance by such signatory of its obligations under the Agreement have been obtained and are in full force and effect, that the Agreement has been duly authorized, executed, and delivered by such signatory, and that it constitutes a binding commitment by the signatory enforceable in accordance with its terms. Forms of Documentation acceptable to New Hampshire Hydro are included in Attachment C hereto. Prior to signing this Agreement, each signatory has provided to New Hampshire Hydro a listing of all consents, waivers, approvals, authorizations, and other actions required for that signatory to deliver its Documentation.

Since Vermont Electric Power Company, Inc. (VELCO) and Massachusetts Municipal Wholesale Electric Company (MMWEC) represent a number of electric systems, in calculating their respective kilowatthour loads on Attachment A, they are deemed to have signed on behalf of those respective systems listed in Schedules I or II, respectively. By September 1, 1988, VELCO and MMWEC will provide New Hampshire Hydro with copies of contracts with those respective systems which impose absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively. By that date, VELCO and MMWEC will also provide to New Hampshire Hydro, as part of their Documentation, certificates, legal opinions (from counsel satisfactory to New England Hydro), and other documents in form and substance satisfactory to New Hampshire Hydro representing unconditionally that all consents, approvals, and authorizations have been obtained by their contracting systems in connection with each such system's performance of its obligations under its respective contract with VELCO or MMWEC and that each such contract imposes absolute and unconditional obligations on such systems to pay their proportionate shares

of all costs incurred under this Agreement by VELCO or MMWEC, respectively, and has been duly authorized, executed, and delivered and is a binding commitment of such system enforceable in accordance with its terms. If regulatory approvals have not been obtained by September 1, 1988, such representations shall be conditioned upon receipt of regulatory approvals. VELCO and MMWEC will have until September 15, 1988 to receive such approvals and make such representations unconditionally. In order that percentages of participation be consistent among the Basic Agreements, VELCO and MMWEC shall have their contracts with their contracting systems cover the necessary commitments for each Basic Agreement.

All expenses in connection with obtaining and delivering any Documentation under this Agreement, including legal opinions, are to be borne by the signatory incurring such expense. New Hampshire Hydro will have no responsibility for any expenses incurred by VELCO and MMWEC in providing Documentation for their respective contracting systems. (All expenses of further Documentation including legal opinions required for any financing by New Hampshire Hydro with an unaffiliated third party will be borne by the Participants in the same manner).

In the event that VELCO or MMWEC does not provide such contracts and Documentation by the aforementioned deadlines under this Agreement and similar contracts and documentation as required by the other Basic Agreements, for all electric systems shown on Schedules I or II, their respective kilowatthour loads on Attachment A will be automatically adjusted to equal the 1980 kilowatthour loads of those contracting electric systems for which the required contracts and Documentation have been provided. Promptly thereafter, New Hampshire Hydro will prepare and distribute an appropriately modified Attachment A with an additional column showing Participating Shares for all Participants and modified Schedules I and II.

If MMWEC provides by December 31, 1985, to New Hampshire Hydro at MMWEC's expense an opinion of nationally recognized bond counsel (listed in the Blue Book) stating unequivocally that MMWEC is not legally authorized to enter into and perform the obligations of this Agreement on any basis other than as an obligation payable solely from revenues derived by MMWEC under the contracts entered into with its contracting electric systems, then New Hampshire Hydro and the other Participants agree that MMWEC's liability hereunder shall be so limited. Otherwise, MMWEC's liability hereunder shall not be so limited and shall be on the same basis as that of the other Participants.

VELCO and MMWEC hereby grant to New Hampshire Hydro, on a pari passu basis with New England Hydro, New England Power Company, and Boston Edison Company, a security interest in, and pledge of, their respective contracts with their respective systems covering Phase II, including but not limited to all revenues derived or to be derived therefrom. VELCO and MMWEC also agree not to grant to any other party any lien upon, or pledge or assignment of revenues from, such contracts, except as required in connection with any financing by New Hampshire Hydro with an unaffiliated third party (Lender) or by New England Hydro with a Lender, or except with the approval of New England Hydro and New Hampshire Hydro, as required in connection with any financing by MMWEC, the proceeds of which are to be applied exclusively by MMWEC to meet its obligations under Phase II, provided that such grant by MMWEC to its third party lenders shall be on a pari passu basis with the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company, and provided further that MMWEC shall have its third party lenders execute and deliver intercreditor agreements acceptable to the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company providing an appropriate

allocation between MMWEC's third party lenders and the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company of payments made under MMWEC's contract with its systems and including appropriate notice provisions. VELCO and MMWEC will execute and deliver in a timely manner all Documentation requested by New Hampshire Hydro to perfect such grants.

Any signatory, that is unable to provide all Documentation by the applicable deadlines required by this Section 2 or that fails to obtain any regulatory approval required to deliver such Documentation by the applicable deadlines, will not be a Participant under this Agreement and will not have any rights and obligations hereunder after the date of such deadline. All obligations of New Hampshire Hydro hereunder are subject to obtaining all regulatory approvals necessary for New Hampshire Hydro to charge the Participants in accordance with the terms of this Agreement.

New Hampshire Hydro by written notice to all signatories may extend any deadline date specified in this Agreement to a later date, provided that any extension for longer than six months requires the consent of the Advisory Committee.

Section 3. Effective Date and Term

This Agreement shall become effective (the Effective Date) upon the last to occur of the following dates:

- (i) the date that Participants serving at least 66 2/3% of the aggregate kilowatthour load in 1980 served by NEPOOL members have satisfied all conditions precedent to effectiveness set forth in Section 2;
- (ii) the date that New Hampshire Hydro shall give written notice to all Participants that it has determined (such notice to be promptly given upon such determination) that all regulatory

approvals necessary for it to charge the Participants in accordance with the terms of this Agreement have been obtained and are no longer subject to appeal;

(iii) the date on which New Hampshire Hydro shall give written notice to all Participants that it has determined (such notice to be promptly given upon such determination) that all major regulatory approvals and licenses necessary for construction and operation of Phase II have been obtained and are no longer subject to appeal, unless New Hampshire Hydro and the Advisory Committee agree that this Agreement shall become effective before one or more of such approvals and licenses has been obtained and is no longer subject to appeal;

(iv) the date that New Hampshire Hydro first receives borrowed funds as part of a financing arranged with Lenders for construction of the Transmission Facilities; and

(v) the date that the last of the other Basic Agreements (excluding the Use Agreement) becomes effective or would become effective but for a condition that its effectiveness is subject to this Agreement becoming effective.

Upon execution and delivery of the Agreement by members of NEPOOL serving at least 66 2/31, of the aggregate kilowatthour load in 1980 served by NEPOOL members, and notwithstanding any provision herein to the contrary, no signatory may terminate its obligations hereunder except in accordance with provisions of this Agreement.

Each Participant which is also a participant under the Phase I Support Agreements shall exercise its rights and take all actions under the Phase I Support Agreements to assure that the Phase I facilities are available to permit continued operation of Phase II. (In order to assure that Phase II is permitted to operate for a full maximum term of fifty years, New Hampshire Hydro understands that New England Electric Transmission Corporation and Vermont Electric

Transmission Company, Inc. have agreed to extend the provisions of the Phase I Support Agreements to the Phase II Participants to cover this time period.)

The initial term of this Agreement shall expire thirty years from the Date of Full Support Payment as defined in Section 13. If (i) the Transmission Facilities are in commercial operation and (ii) there are continuing commitments by Participants to support the full costs of the Transmission Facilities, a Participant at that time shall be entitled not less than two years prior to the expiration of the initial term to elect to continue participation for an additional period not to exceed 20 years upon the terms and conditions of this Agreement. Such additional period is to be determined by the Advisory Committee no later than two years and three months prior to the end of the initial term. The Advisory Committee in determining this additional period shall take into account the then remaining term of the Phase I Support Agreements.

If all regulatory approvals authorizing New Hampshire Hydro to charge the Participants in accordance with the Support Charge described in Section 12 hereof are not received by June 1, 1986, New Hampshire Hydro may thereafter elect to terminate this Agreement by notice in writing to the signatories.

Section 4. Participating Shares

A. Allocation. Each Participant shall have and be charged with a percentage interest in all of the rights and obligations hereunder determined in accordance with this Section 4 (which interest is herein referred to as its "Participating Share").

The Participating Share of each Participant shall be computed both initially and as changed from time to time in accordance with the terms hereof, by New Hampshire Hydro as hereinafter provided. Such computations shall be made as of the first day of any month in which there is a change in the number of Participants or any change in the interest of any Participant as

herein provided. The initial computation of Participating Shares shall be made on the basis that each signatory to this Agreement as shown in Attachment A is a Participant. After such initial computation and before the Effective Date, each Participant shall be entitled to transfer any or all of its Participating Share to one or more other Participants. On or before September 1, 1988, any Participant listed in Attachment A who has transferred, or intends to transfer, any or all of its Participating Share to one or more other Participants listed in Attachment A must provide documentation to New Hampshire Hydro covering the transfer. The initial computation is to be recomputed on and as of the Effective Date on the basis that each signatory to this Agreement which has provided timely documentation of its participation or transfer is a Participant. Any such transfers of Participating Shares will be taken into account after such recomputation. Any such transfer of Participating Shares hereunder shall have no effect on the interests, rights, or obligations of participants in Phase I. Subsequent computations are to be made thereafter as of the first day of each month in which an interest is modified or terminated pursuant to any provision hereof. All computations shall be final unless there is a manifest error.

B. The Participating Shares on and as of the initial computation will be calculated as follows:

- (i) up to 5% to VELCO, if then a Participant;
- (ii) up to 5% to Participants that serve “kilowatthour loads” in New Hampshire (New Hampshire Participants), if then Participants, (Apportioned on the basis of their relative “kilowatthour loads” in New Hampshire); and
- (iii) the balance (after deducting the percentages, if any, under paragraphs B(1) and B(2) above, respectively) apportioned among all Participants, including VELCO (if then a Participant) and

the New Hampshire Participants (if then Participants) on the basis of an initial share allocation determined by the subscription process as described in Attachment E.

C. The term "kilowatthour load," as used herein, shall mean the sum of a Participant's 1980 kilowatthour sales as shown on Attachment A hereto.

D. The precise percentages under B(1) and B(2) shall be specified by VELCO and the New Hampshire Participants, on or before the date of signing this Agreement.

Section 5. Relationship among Participants

The rights and obligations of the Participants hereunder are several, in accordance with their respective Participating Shares, and not joint. The rights and obligations of New Hampshire Hydro hereunder are also several and not joint with those of the Participants, the Equity Sponsors, or any one thereof. There is no intention to create by this Agreement, or by any grant, lease, license, or activity related hereto, an association, joint venture, trust, or partnership or to impose on New Hampshire Hydro or any Participant trust or partnership rights or obligations; and any such implied intention is expressly negated. Except as expressly provided in this Agreement, no Participant shall have by virtue of this Agreement or of any such grant, lease, license, or activity the right or power to bind any other Participant without its express written consent.

Section 6. Project Control and Advisory Committee

Each Participant may designate in writing, initially on or before June 1, 1986, and from time to time thereafter, a representative and an alternate representative to serve on the Advisory Committee. If a representative is unable to attend, an alternate may attend in his or her place. The Advisory Committee shall have the power and responsibilities set forth in this Agreement and shall adopt its own by-laws, provided that (i) voting shall be by Participating Shares at the

time of the vote, (ii) a vote of two-thirds or more of Participating Shares is required to accept a New Hampshire Hydro proposal or to take other affirmative action and a vote of more than one-third is required to reject a New Hampshire Hydro proposal, and (iii) one or more Participants having Participating Shares of at least 10% in the aggregate may by reasonable written notice to all Participants call a meeting of the Advisory Committee. The Advisory Committee will advise New Hampshire Hydro on all major matters of concern to the Participants regarding the Transmission Facilities and Phase II.

New Hampshire Hydro shall make prompt proposals for decisions on the following, and the Advisory Committee shall accept or reject these proposals for decisions on the following:

- (i) Commencement of construction of the Transmission Facilities;
- (ii) The original design concept for the Transmission Facilities;
- (iii) Overall project budget estimate for design, engineering and construction of the Transmission Facilities;
- (iv) Major changes to the original design concept of the Transmission Facilities that, based on reasonable engineering estimates, will increase or decrease the cost by more than 10% of the overall budget approved in (iii) above or might have a significant detrimental effect on reliability or availability; any changes whether changes to the original design concept or otherwise that will result in an increase in the cost to more than 100% above the initial overall project budget approved in (iii), which will require an affirmative vote of at least 80% to accept the changes, or an affirmative vote of a percentage less than 80% in the event that only one Participant (subsidiaries of Northeast Utilities shall be treated as a single Participant for this sole purpose) having more than 20% casts a negative vote;
- (v) General terms of major contracts in excess of \$25 million;

- (vi) Capital additions to the Transmission Facilities in excess of \$5 million;
- (vii) Major changes in operation and maintenance of the Transmission Facilities that will increase operation and maintenance costs by more than 10% of previous year's actual operation and maintenance costs or might have a significant detrimental effect on reliability or availability;
- (viii) Delay, restriction, suspension, termination or cancellation of planning or construction, or shut down of Transmission Facilities, for a period of six months or longer or permanently under Section 16;
- (ix) The term of any New Hampshire Hydro debt financing or any other financial arrangements (other than any construction financing) with a principal amount in excess of \$25 million, provided that such term must be between 5 and 30 years; the Advisory Committee may reject the proposed term only if it is less than 10 years and is unreasonable or impracticable; New Hampshire Hydro shall consult with the Advisory Committee on the other principal terms of such financings and any construction financing and shall use reasonable efforts to accommodate their reasonable requests;
- (x) The target date for commercial operation of the Transmission Facilities for purposes of Section 13B which shall be determined at least 90 days before the Effective Date; and
- (xi) Such other matters as are specified elsewhere in this Agreement.

If New Hampshire Hydro makes a proposal for a decision from the Advisory Committee and the Advisory Committee fails, however, to accept or reject such proposal within thirty days, the Advisory Committee shall be deemed by New Hampshire Hydro to have approved New Hampshire Hydro's proposal and New Hampshire Hydro may immediately proceed to implement its proposal.

Each Participant shall be responsible for all of its expenses related to membership on the Advisory Committee.

This Section shall be effective on June 1, 1986, notwithstanding that the Effective Date has not yet occurred.

Section 7. Design and Construction of the Transmission Facilities

Except for those areas of responsibility assigned to the Advisory Committee as specified in Section 6, New Hampshire Hydro shall be responsible for the design, engineering, procurement, installation, and all other aspects of the construction of the Transmission Facilities, and any modifications or additions made to the Transmission Facilities at any time before or after completion of the Transmission Facilities, all in accordance with good utility practice for the benefit of all Participants, the objective being to achieve an appropriate balance among minimization of construction cost, minimization of operation and maintenance cost, licensing and environmental considerations, and safety and reliability of service. In carrying out these activities, New Hampshire Hydro may utilize the services of its affiliates and may also select and employ a financial adviser, legal counsel, design engineering firm, a construction engineering firm, consultants, and such other firms as it considers desirable. To the extent services are performed by an affiliate of New Hampshire Hydro, such affiliate will charge on the same basis that it would charge its costs to other affiliates pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (the 1935 Act).

In order for the Advisory Committee to meet its responsibilities as specified in Section 6, New Hampshire Hydro will provide all necessary information reasonably requested by the Advisory Committee. During the course of the work, New Hampshire Hydro shall furnish

quarterly reports to all Participants with respect to the progress of the work and an annual report to all Participants of actual and estimated construction expenditures for the Transmission Facilities.

New Hampshire Hydro intends, consistent with good utility practice, to construct the Transmission Facilities on a schedule that permits the commercial operation of Phase II by September 1, 1990. However, New Hampshire Hydro does not represent that construction will be completed by such date or any other date.

Section 8. Operation and Maintenance of the Transmission Facilities

Except for those areas of responsibility assigned to the Advisory Committee as specified in Section 6, New Hampshire Hydro shall be responsible for the operation and maintenance of the Transmission Facilities in accordance with good utility practice for the benefit of all Participants, the objective being to operate the Transmission Facilities as efficiently, economically, safely, and reliably as feasible. New Hampshire Hydro shall use its best efforts to coordinate the operation and maintenance of the Transmission Facilities with the operation and maintenance of the Phase I facilities and other Phase II facilities. In carrying out these activities, New Hampshire Hydro may utilize the services of its affiliates and may also select and employ a financial adviser, legal counsel, consultants, and such other firms as it considers desirable. In furtherance of its responsibility, New Hampshire Hydro may from time to time designate a company, which need not be a Participant, to operate and maintain the Transmission Facilities. To the extent services are performed by an affiliate of New Hampshire Hydro, such affiliate will charge its costs on the same basis that it would charge to other affiliates pursuant to the rules and regulations of the SEC under the 1935 Act.

In order for the Advisory Committee to meet its responsibilities as specified in Section 6, New Hampshire Hydro will provide all necessary information reasonably requested by the Advisory Committee.

After the Transmission Facilities are placed in commercial operation, New Hampshire Hydro shall furnish quarterly reports to all Participants with respect to the operation and maintenance of the Transmission Facilities and an annual report to all Participants of estimated operation and maintenance expenses.

Section 9. New Hampshire Hydro Relationship to Participants

In carrying out its responsibilities hereunder, New Hampshire Hydro agrees that it shall use its best efforts to act for the collective benefit of all Participants and New Hampshire Hydro, to include in its contracts with independent contractors the customary provisions for assuring professional and workmanlike performance, including warranties, insurance coverage and other protections consistent with good utility practice, and to enforce its rights under such contracts against the other contracting parties to the extent reasonable, reserving the discretion to settle claims on a reasonable basis. All costs of construction, including damages caused by the risks of negligence (other than gross negligence) and other risks of construction in excess of the recoveries obtained from offending parties or insurers, shall be included as part of investment in the Transmission Facilities (as defined in Section 12 below) and all costs of operating the Transmission Facilities, including damages caused by risks of negligence (other than gross negligence) or other risks of operation in excess of any recoveries obtained from offending parties or insurers, shall be included in New Hampshire Hydro's operating costs (as defined in Section 12 below).

Section 10. Payment for Preliminary Costs

New Hampshire Hydro agrees to pay those New England utilities that initially paid for costs related to the Transmission Facilities incurred under the Preliminary Quebec Interconnection Support Agreement - Phase II (the Preliminary Agreement) that are determined by New Hampshire Hydro to be capitalizable costs of the Transmission Facilities, in accordance with the Uniform System (as defined hereinafter in Section 12). It is understood that it is the intention of New Hampshire Hydro and the Participants for all costs related to and allocated to the Transmission Facilities incurred under the Preliminary Agreement, to be capitalized to the extent permitted in accordance with good utility practice. Within ninety days after the Effective Date, New Hampshire Hydro agrees to make the repayment with interest calculated from the original date of payment using the monthly average rate on one month commercial paper as published in the Federal Reserve Bulletin for each month during such time period.

Section 11. Transmission and Other Services

In accordance with good utility practice, New Hampshire Hydro will make the Transmission Facilities available for the Participants for transmission services as part of Phase II. New Hampshire Hydro hereby grants to each Participant an exclusive right to use its Participating Share of the Transmission Facilities in accordance with the Use Agreement.

New Hampshire Hydro agrees that it will serve as an agent or in other similar capacity for any Participant that so requests for the buying or selling of power to be transmitted over the Transmission Facilities as an entitlement transaction with Hydro-Quebec pursuant to the terms of the Use Agreement or otherwise, provided, however, that a formal written contract with terms

and conditions, including compensation for services, satisfactory to New Hampshire Hydro is executed and delivered prior to performance of such services.

Section 12. Support Charge

Commencing in the month of the Date of Full Support Payment (as defined in Section 13) and in each month thereafter, each Participant shall pay in accordance with Section 13 its Participating Share of a monthly Support Charge in an amount determined in accordance with this Section 12, plus a credit enhancement charge calculated in accordance with Attachment F. The Support Charge shall be equal to New Hampshire Hydro's total cost of service related to the Transmission Facilities for such month.

The "total cost of service related to the Transmission Facilities" for any month commencing with the month in which the Date of Full Support Payment occurs shall be the sum of (a) New Hampshire Hydro's operating expenses for such month with respect to the Transmission Facilities, plus (b) an amount equal to one-twelfth of the composite percentage for such month times the average net rate base for the Transmission Facilities, less (c) investment earnings of the Debt Service Fund, as defined in Section 18, realized by New Hampshire Hydro, less (d) any other income received by New Hampshire Hydro resulting from costs or rate base supported by the Participants other than income received pursuant to (a), (b), or (c) above or Credit Enhancement Charges and other income allocated to Equity Sponsors elsewhere under this Agreement. If a Support Charge payment under Section 13 is to be calculated from a date other than the first day of a month, an appropriate proration of the amount determined in (b) above shall be made for such payment only.

“Uniform System” shall mean the appropriate Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for Public Utilities and Licensees, as from time to time in effect.

New Hampshire Hydro’s “operating expenses” shall include all amounts related to the Transmission Facilities and properly chargeable to expense accounts less any applicable credits thereto, in accordance with the Uniform System, including but not limited to operation and maintenance expense such as rent on leased property and administrative and general expenses, state and Federal income and franchise taxes, property taxes, payroll taxes, any other taxes not based on income, and depreciation and/or amortization expense; it being understood that unless the FERC, upon application by New Hampshire Hydro, authorizes a shorter depreciation and/or amortization period, for purposes of this Agreement depreciation and/or amortization shall be at a rate sufficient to recover the investment in the Transmission Facilities (including estimated cost of removal less any salvage value which salvage value, for the purpose of calculating such depreciation and/or amortization, will not exceed the amount of cost of removal) over the greater of: (i) ten years from the Date of Full Support Payment or (ii) the term of New Hampshire Hydro’s permanent debt financings or other permanent financing arrangements related to the Transmission Facilities, adjusted for multiple maturities and repayment schedules; and it also being understood that rents on leased property shall include the rental of property or property rights related to the Transmission Facilities from any Participant with rent based on book value. “Operating expenses” shall also include all payments made by New Hampshire Hydro pursuant to Section 8 of the Phase II Maine Electric Power SVC Facilities Support Agreement between New Hampshire Hydro and Maine Electric Power Company, dated as of October 1, 1988, as amended from time to time (the “SVC Agreement”). In addition, each Participant will pay to

New Hampshire Hydro, and New Hampshire and Hydro will pay to New England Power and Public Service Company of New Hampshire , for the benefit of their respective customers, such Participant's Participating Share of a monthly charges of \$268,000 and \$41,300, respectively, to compensate New England Power and Public Service Company for the lost capacity on their respective New Hampshire rights-of-way, provided however, that no such charges shall be paid to New England Power or Public Service Company during such time as construction or operation is suspended on account of a defect in title for such rights-of-way. The allowance for state and Federal income taxes included in operating expenses shall reflect the normalization of timing differences and the flow through of permanent differences between book income and tax income. New Hampshire Hydro, as the tax owner of the Transmission Facilities, will be entitled to the benefits and subject to the burdens of such ownership for tax purposes. The allowance for state and Federal income taxes included in operating expenses shall include a provision for taxes on dividends received by stockholders, calculated at the then current statutory rate for corporate stockholders.

The "investment in the Transmission Facilities" shall be the aggregate amount incurred at any time either before or after commercial operation of the Transmission Facilities which relates to the Transmission Facilities and is properly chargeable to New Hampshire Hydro's utility plant accounts in accordance with the Uniform System. The investment in the Transmission Facilities shall also include operating expenses incurred prior to the month in which the Date of Full Support Payment occurs and an allowance for funds used during the period prior to the Date of Full Support Payment (AFDC) accrued on the investment in the Transmission Facilities. The AFDC rate shall be calculated pursuant to the last FERC approved AFDC formula including in

construction work in progress all investment in the Transmission Facilities prior to the Date of Full Support Payment and using 14 percent as the return on equity for such calculation.

“Composite percentage” shall be computed as of the last day of each month (the “computation date”). “Composite percentage” as of a computation date shall be the sum of (i) Return on Equity then in effect multiplied by the percentage which equity investment as of such date is of the total capital as of such date; plus (ii) the average monthly effective interest rate per annum of each principal amount of indebtedness outstanding on such date for money borrowed, whether long term or short term, multiplied by the percentage which each such principal amount is of total capital as of such date. The effective interest rate shall take into account premiums, discounts, fees, and other costs that are related to the indebtedness.

“Return on Equity” shall be the return on equity on file with the FERC and in effect under The Federal Power Act.

“Equity investment” as of any date shall consist of the sum of (i) all amounts theretofore paid to New Hampshire Hydro for all capital stock theretofore issued, plus all capital contributions, less the sum of any amounts paid by New Hampshire Hydro in the form of stock retirements, repurchases or redemptions or return of capital including liquidating dividends; plus (ii) any credit balance in the capital surplus account not included in (i) and any credit balance in the earned surplus (retained earnings) account on the books of New Hampshire Hydro as of such date.

“Total capital” as of any date shall be the equity investment plus the total of all indebtedness then outstanding for money borrowed.

From the Date of Full Support Payment until the first to occur of June 30 or December 31 thereafter, the “average net rate base” for the Transmission Facilities shall be the average of the

net rate base determined as of the Date of Full Support Payment and the first to occur of June 30 or December 31 thereafter.

Thereafter, for subsequent months of January through June, average net rate base shall be the average of the net rate base as of the preceding December 31 and the following June 30. For other months, average net rate base shall be the average of the net rate base as of the preceding June 30 and the following December 31. The “net rate base” shall consist of (i) the investment in the Transmission Facilities, less (ii) the amount of any accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities, less (or plus) (iii) the amount of any reserve for deferred income taxes received (or paid) by New Hampshire Hydro, such deferred income taxes to include deferred income taxes due to accelerated depreciation, construction tax benefits, and any other book/tax timing differences related to the Transmission Facilities, less (iv) the amount of any unamortized investment tax credits (ITC), plus (v) such allowances related to the Transmission Facilities for materials and supplies, prepaid items and cash working capital as may from time to time be determined by New Hampshire Hydro, as reasonably necessary and in accordance with accepted utility accounting practice, plus (vi) the amounts held in the Debt Service Fund, as described in Section 18. New Hampshire Hydro shall normalize ITC over the depreciation and/or amortization period relating to the Transmission Facilities. Any allowance for cash working capital shall be limited to that not sufficiently recovered through the use of estimated billing for the current month.

Section 13. Payments

A. Commencing on or about the Date of Full Support Payment and for each month thereafter, New Hampshire Hydro will render to each Participant an invoice for its Participating Share of the Support Charge and the Credit Enhancement Charge, if any, for such month

calculated on an estimated basis for the current month and subject to corrective adjustment in subsequent months. Unless New Hampshire Hydro is prevented by circumstances beyond its reasonable control, New Hampshire Hydro shall use its best efforts to render final bills within two years after the end of the calendar year in which the estimated bill was rendered. New Hampshire Hydro will also render to each Participant an invoice or notice for its Participating Share of any amounts due under this Agreement (other than monthly Support Charge and the Credit Enhancement Charge) including but not limited to payments to be made under Sections 15, 16, 17, and 20D.

Each Participant shall promptly pay to New Hampshire Hydro the amount shown on any invoice submitted under this Section. New Hampshire Hydro will date and mail monthly invoices for the Support Charge and Credit Enhancement Charge, if any, on or about the 25th day of the month for the coming month and this invoice shall be due and payable by the 15th day of the coming month and if not paid within that time period shall bear interest compounded monthly from the first day of the month in which payment is due to the date when payment is made at an annual rate equal to two percent (2%) over the current interest rate on prime commercial loans from time to time in effect (the Base Rate) at the principal office of The First National Bank of Boston.

Any invoice or notice for payments due under this Agreement (other than a monthly Support Charge and Credit Enhancement Charge invoice), that is not paid when due under this Agreement shall bear interest compounded monthly from the mailing date of the invoice to the date when payment is made at an annual rate equal to two percent (2%) over the Base Rate at the principal office of The First National Bank of Boston.

B. The “Date of Full Support Payment” shall be the later of (i) the target date for commercial operation of the Transmission Facilities as determined by the Advisory Committee, or (ii) the date on which the Transmission Facilities are ready for commercial operation, but in no event later than one year after the date specified in subpart (i) above unless an extension is agreed to in writing by all Lenders. However, if all of Phase II commences commercial operation prior to the target date specified in subpart (i) above, the “Date of Full Support Payment” shall be the date on which Phase II is in commercial operation.

Section 14. Character of Payment Obligations

The obligations of each Participant to make payments hereunder, and to perform and observe all other agreements on its part contained herein, are absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any insolvency, composition, bankruptcy, reorganization, arrangement, liquidation or similar proceedings relating to New Hampshire Hydro, the Participant, any other Participant, any Equity Sponsor, or any affiliate thereof, (ii) any failure of the Transmission Facilities to operate for any reason, including but not limited to the failure of Hydro-Quebec to sell electric power to the Participants, (iii) any damage to or destruction of the Transmission Facilities, including but not limited to any defect in the title, quality, condition, design, operation, or fitness for use of, or any loss of use of, all or any part of the Transmission Facilities, (iv) any interruption or prohibition of the use or possession by New Hampshire Hydro of, or any ouster or dispossession by paramount title or otherwise of New Hampshire Hydro from, all or any part of the Transmission Facilities, or any interference with such use or possession by any governmental agency or authority or other person or otherwise, (v) any inability to use the Transmission Facilities because a necessary license or other necessary public authorization cannot be obtained or is revoked, or because the

utilization of such a license or authorization is made subject to specified conditions which are not met, (vi) any invalidity or unenforceability or disaffirmance by New Hampshire Hydro or any Participant of any provision of this Agreement or any failure, omission, delay, or inability of New Hampshire Hydro to perform any of its obligations contained herein, (vii) any amendment, extension, or other change of, or any assignment or encumbrance of any rights or obligations under, this Agreement, or any waiver or other action or inaction, or any exercise or nonexercise of any right or remedy, under or in respect to this Agreement, (viii) any inability of the Participant or any other Participant to obtain regulatory approvals for financing its Participating Share of any obligations under this Agreement or for meeting any other obligations under this Agreement, or (ix) any inability to start, complete, or use the Transmission Facilities due to any other circumstance, happening, or event whatsoever, whether foreseeable or unforeseeable and whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that all amounts payable by each Participant in respect of this Agreement shall begin to be payable and shall continue to be payable in all events in the manner and at the time herein provided; provided, however, that nothing in this Section 14 shall (a) prevent a Participant from transferring its interests and obligations hereunder to another Participant prior to the Effective Date, or (b) impose any continuing liabilities or obligations on said transferring Participant with respect to this Agreement incurred or relating to the period of time after said transferring Participant's Participating Share has been reduced to zero. In that connection, each Participant hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it (other than those expressly conferred in this Agreement), by statute or otherwise, to terminate, cancel, or surrender any of its obligations under this Agreement, and agrees that if, for any reason whatsoever, this Agreement

shall be terminated in whole or in part by operation of law or otherwise, each Participant will nonetheless promptly pay to New Hampshire Hydro amounts as required by Section 16 of this Agreement.

Notwithstanding the character of the above payment obligations, when the net proceeds from a total taking of the Transmission Facilities in an eminent domain proceeding or from insurance in the event of complete destruction of the Transmission Facilities have been received by New Hampshire Hydro in an amount equal to or greater than the amounts then due hereunder from the Participants, then no payment shall be required.

Section 15. Default

A. If any of the following events (Events of Default) shall occur and be continuing:

- (i) a Participant shall fail to pay when due any amount which it has agreed to pay under any provision of this Agreement, and such failure shall continue for more than 10 days after written notice thereof has been given to such Participant by New Hampshire Hydro; or
- (ii) a Participant shall fail to supply in accordance with the terms hereof any documentation required by New Hampshire Hydro in connection with financing with Lenders by New Hampshire Hydro (for VELCO and MMWEC, this includes documentation for their respective contracting electric systems), and such failure shall continue for more than 30 days after written notice of such failure has been given to such Participant by New Hampshire Hydro; or
- (iii) a Participant shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of its creditors; or any proceeding shall be instituted against a Participant (and is not dismissed within sixty days), or by a Participant, seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors

or seeking appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; or if a Participant shall take any action to authorize any of the actions set forth in this subsection (iii); or

(iv) prior to the retirement of the last amount of New Hampshire Hydro's debt and prior to the reduction of New Hampshire Hydro's equity investment to an amount less than or equal to 10% of its highest previous amount, a Participant shall fail to make a payment of principal under any bank loan or other obligation for borrowed money (including financing leases or other similar arrangements) exceeding the lesser of \$1 million or 5% of such Participant's total capitalization, which failure is not excused or cured within the earlier of 30 days or the acceleration of the maturity thereof; or

(v) a Participant shall fail to perform any other obligation under this Agreement in accordance with the terms hereof, and such failure shall continue for more than 30 days after written notice thereof has been given to such Participant by New Hampshire Hydro; or

(vi) a Participant shall experience an event of default under any of the other Basic Agreements or under any of the basic agreements for Phase I listed in the first paragraph of Section 1; then, and in any such event, in addition to any other rights or remedies that it may have against such Participant by reason thereof, New Hampshire Hydro shall, by written notice to such Participant, terminate all rights of such Participant under this Agreement as of the date of such Event of Default. New Hampshire Hydro may with the approval of the Advisory Committee waive any Event of Default hereunder or grant extensions of time to cure any Event of Default.

B. Immediately upon termination of the rights of a Participant pursuant to A above:

- (i) if such terminated Participant was then a Credit Enhanced Participant, then New Hampshire Hydro shall allocate the Participating Share of the terminated Participant to the Equity Sponsors or their appointees in proportion to the Equity Sponsors' then respective equity percentages;
- (ii) if such terminated Participant was not then a Credit Enhanced Participant, then New Hampshire Hydro will offer the Participating Share of the terminated Participant as of the date of termination to the Equity Sponsors or their appointees and upon acceptance of the offer will allocate the Participating Share in accordance with the acceptance (if the offer is oversubscribed by Equity Sponsors, the allocation will be made in proportion to such Equity Sponsors' then respective equity percentages); provided that, if such Participating Share is not so completely allocated, then New Hampshire Hydro will offer such unallocated Participating Share to Participants whose most junior long-term debt securities are then rated at least one grade above investment grade or, if not so rated, who have obtained the consent of all New Hampshire Hydro's Equity Sponsors (if the offer is oversubscribed, the allocation will be made in proportion to respective participating shares); and provided further that such Equity Sponsors or their appointees or Participants receiving such an allocation accept an equal support or participating share under the Phase II New England Power AC Facilities Support Agreement, the Phase II Boston Edison AC Facilities Support Agreement, and the Phase II Massachusetts Transmission Facilities Support Agreement; and
- (iii) the Equity Sponsors have been allocated B (i) or (ii) above have been allocated B (ii) above or New allocation is made, or their appointees that Participating Shares under or any Participants that Participating Shares under Hampshire Hydro, if no such shall allocation is made, shall be entitled to receive in accordance with the Use Agreement from the escrow agent as liquidated

damages the allocated share of all Phase II amounts retained under the Use Agreement on or after the date of such termination for the account of such terminated Participant.

C. The terminated Participant shall immediately pay either (i) if an allocation is made under Section 15B, to the Equity Sponsors or their appointees or any Participants that have received such allocation or (ii) otherwise, to New Hampshire Hydro, in addition to any other amounts due under any provisions of this Agreement, an amount equal to its Participating Share of the investment in the Transmission Facilities (including any cost of removal and disposal) less any depreciation and amortization relating to the Transmission Facilities to the date of such payment. In addition, such Participant's payment required by the preceding sentence shall be increased by an amount equal to its Participating Share of the "amounts" determined in Section 11B of the SVC Agreement. New Hampshire Hydro will credit any such amounts it receives from the terminated Participant for the benefit of the Equity Sponsors.

D. New Hampshire Hydro or any Equity Sponsor or any Participant shall be free to invoke such remedies at law or in equity as may be deemed appropriate against any Participant that defaults under this Agreement.

Section 16. Delay, Suspension, Termination, Cancellation, or Shutdown

If at any time New Hampshire Hydro determines that continued planning, construction, or operation of the Transmission Facilities is not advisable for any reason New Hampshire Hydro deems appropriate, it may, after written notice to all Participants, delay, restrict, or suspend planning, construction, or operation, or shut the Transmission Facilities down for a period of less than six months. In accordance with Section 6, the Advisory Committee has responsibility for accepting or rejecting a proposal submitted by New Hampshire Hydro recommending a delay, restriction, suspension, termination, or cancellation of planning or construction, or shut down of

the Transmission Facilities for a period of six months or longer or permanently. In any case in which New Hampshire Hydro determines that safety considerations require an immediate shutdown, it shall proceed without consultation with the Advisory Committee or written notice to the Participants.

If the Advisory Committee has determined that (i) planning or construction of the Transmission Facilities is to be terminated or cancelled, or (ii) the Transmission Facilities are to be permanently shutdown, then New Hampshire Hydro shall give each Participant not less than ninety days advance written notice of any such event. Each Participant shall pay to New Hampshire Hydro within such notice period an amount, as specified in such notice and calculated as of the date of the event so notified, equal to its Participating Share of the “amounts” determined in the second paragraph of Section 12 of the SVC Agreement plus the greater of:

- (a) its Participating Share of the investment in the Transmission Facilities (less any depreciation and amortization to the date of payment) together with all costs relating to or resulting from such termination, cancellation or permanent shutdown, including any premiums and penalties incurred because of the early retirement of any indebtedness and further including without limitation any costs of total or partial demolition and disposal of the Transmission Facilities net of any actual salvage value received by New Hampshire Hydro including the proceeds from any sale and net of the actual proceeds received by New Hampshire Hydro from any condemnation proceeding or insurance for destruction; or
- (b) its Participating Share of the then total capital of New Hampshire Hydro plus any premiums and penalties incurred because of the early retirement of any financing plus without limitation any costs of total or partial demolition and disposal of the Transmission Facilities net of any actual salvage value received by New Hampshire Hydro including the proceeds from any sale and net

of the actual proceeds received by New Hampshire Hydro from any condemnation proceeding or insurance for destruction.

If New Hampshire Hydro and the Advisory Committee agree on the decision to terminate, cancel or permanently shutdown the Transmission Facilities under this Section 16, New Hampshire Hydro shall have and retain, upon termination of this

Agreement, the right to sell the Transmission Facilities (including New Hampshire Hydro's rights to Transmission Facilities in Vermont and the SVC Facilities in Maine) at fair market value to any NEES affiliate of New Hampshire Hydro. Any amounts received from such sale shall be considered salvage value under (a) or (b) above. If New Hampshire Hydro's recommendation to terminate, cancel or permanently shutdown is not adopted by the Advisory Committee, New Hampshire Hydro shall be paid an amount determined in accordance with this Section 16 and if directed by the Advisory Committee shall transfer its rights, assets, and obligations related to the Transmission Facilities to the Participants or any group or designee thereof. New Hampshire Hydro's lease of the right-of-way shall be assigned in connection with such transfer.

If New Hampshire Hydro is paid such amount and transfers its rights, assets, and obligations related to the Transmission Facilities to the Participants or any group or designee thereof, New Hampshire Hydro shall refund any costs of total or partial demolition and disposal of the Transmission Facilities to such Participants or group or designee thereof.

Section 17. Termination by New Hampshire Hydro

If at any time New Hampshire Hydro elects and so notifies in writing all Participants that, as a result of a default under Section 15, the Participating Share of a terminated Participant cannot be allocated to Equity Sponsors or their appointees or other Participants pursuant to

Section 15B and the aggregate of the Participating Shares of all nonterminated Participants is less than 100%, each such other Participant's participation hereunder shall terminate on a date (effective date of termination) not less than 90 days after the date of New Hampshire Hydro's written notice, and each such other Participant on or before the effective date of termination shall pay to New Hampshire Hydro an amount calculated in accordance with the second paragraph of Section 16.

Upon termination of this Agreement pursuant to this Section 17, New Hampshire Hydro shall offer each Participant which (i) was not a terminated Participant immediately prior to termination of the Agreement pursuant to this Section 17 and (ii) has paid all amounts due under the first paragraph of this Section 17, an opportunity to participate in a new support agreement, provided that all participants in such new support agreement agree to pay 100% of the costs of service of New Hampshire Hydro, including, without limitation, the "amounts" that New Hampshire Hydro must pay to Chester SVC Partnership pursuant to Section 8 of the SVC Agreement. The new support agreement will have a term equal to the remaining term of this Agreement. Other provisions of the new support agreement will be substantially similar to those in this Agreement. The investment in the Transmission Facilities under the new support agreement shall be reduced by any amount received as termination payments hereunder which would be properly applied to utility plant accounts in accordance with the Uniform System less any costs of termination or premiums or penalties incurred because of the early retirement of any financing of New Hampshire Hydro. Any participant in the new support agreement shall also be a supporter of the AC facilities of New England Power and Boston Edison Company and the transmission facilities of New England Hydro.

No termination of this Agreement shall relieve any party of any obligation arising prior to making the payment to New Hampshire Hydro required by the first paragraph of this Section 17. In addition, notwithstanding the termination of this Agreement for other purposes, this Agreement shall continue in effect to the extent necessary to provide for paying all “windup costs” and final billings, billing adjustments and payments.

Section 18. Debt Service Fund

New Hampshire Hydro may establish and maintain at its option a Debt Service Fund with funds which may be borrowed from unaffiliated third parties. The Debt Service Fund may be assigned in connection with a financing by New Hampshire Hydro with the Lenders in order to provide assurance to such Lenders that New Hampshire Hydro will pay its debt service obligations in a timely manner.

The Debt Service Fund shall not exceed the lesser of (i) the amount required to pay six months of interest on indebtedness plus five percent of the largest principal amount of debt outstanding at any time plus any accrued earnings from investment of the amounts in the Debt Service Fund not yet credited to Support Charges as provided in Section 12 or (ii) the total amount of debt service remaining to be paid.

Section 19. Cash Deficiency Commitment

A. “Cash Deficiency” attributed to a Participant means with respect to any Due Date, the amount by which that Participant’s Participating Share of the aggregation of the principal of, premium, if any, and interest on any of the funds borrowed by New Hampshire Hydro from Lenders to finance the Transmission Facilities or the construction thereof and payable on such Due Date (whether at maturity, pursuant to mandatory prepayment, by acceleration or otherwise) exceeds the amount of cash from such Participant’s payments made under any other section of

this Agreement and available to New Hampshire Hydro for repayment to Lenders of such borrowed funds.

B. If New Hampshire Hydro has a Cash Deficiency attributed to a Participant on any Due Date, that Participant agrees that it shall absolutely and unconditionally guarantee to pay its Cash Deficiency on demand of Lenders, to be paid directly on demand to Lenders, in cash, provided, however, that no Cash Deficiency attributed to a Participant shall include any unpaid obligations hereunder of other Participants.

For purposes of this Section 19, "Due Date" shall mean the date any payments are due and payable under the terms of any indebtedness of New Hampshire Hydro with Lenders.

C. Payments by Participants under this section shall be considered by New Hampshire Hydro to be prepayments of amounts due or to become due to New Hampshire Hydro pursuant to any other section hereof.

Section 20. Miscellaneous

A. Insurance. New Hampshire Hydro will at all times during the term of this Agreement keep the Transmission Facilities insured against such risks as electric utility companies, similarly situated, constructing and operating like properties, usually insure against. Any uninsured loss, damage, or liability related to the Transmission Facilities or arising out of New Hampshire Hydro's performance hereunder and any expenses in connection with any such loss, damage, or liability shall be deemed to be an expense reimbursable by the Participants in accordance with Section 12. New Hampshire Hydro will assist any Participant, at the Participant's expense, in obtaining any other insurance coverage related to the Transmission Facilities that such Participant requires. Upon request, New Hampshire Hydro will supply certificates of insurance coverage.

B. Limitation of Liability. For and in consideration of the fact that New Hampshire Hydro is undertaking to design, engineer, procure, install, construct, operate, and maintain the Transmission Facilities for and on behalf of Participants without any compensation or charge other than the payments provided under this Agreement, no Participant shall be entitled to recover from New Hampshire Hydro or any affiliate or any shareholder, director, officer, employee, or agent of New Hampshire Hydro or any affiliate, any damages resulting from error or delay, whether or not due to negligence, in the design, engineering, procurement, installation or construction of the Transmission Facilities, or for any damage to the Transmission Facilities, any curtailment of power, or any other damages of any kind, including but not limited to consequential damages, arising out of or in connection with the performance of this Agreement by New Hampshire Hydro. Notwithstanding the above limitation, if New Hampshire Hydro is found by a court of competent jurisdiction to have intentionally violated this Agreement in a material manner or to have acted hereunder in a grossly negligent manner and if such court finding is final and no longer subject to appeal, then the Participants shall be entitled to recover from New Hampshire Hydro direct damages (but not consequential or any other damages) resulting from such material intentional violation or gross negligence, unless New Hampshire Hydro's actions or omissions have been expressly approved in advance by the Advisory Committee. New Hampshire Hydro will use its best efforts to enforce all contracts related to the construction and operation of the Transmission Facilities for the benefit of New Hampshire Hydro and the Participants.

C. Audit. New Hampshire Hydro will arrange for an annual audit to be performed by an independent public accounting firm of recognized standing selected by New Hampshire Hydro. The costs of the annual audit will be included in the operating expenses under Section

12. The books and records of New Hampshire Hydro (including metering records) shall be open to reasonable inspection and audit by any Participant. The costs of any such additional audit, including the costs of New Hampshire Hydro in connection with such audit, shall be borne by the Participant or Participants requesting such audit. New Hampshire Hydro will promptly make any reasonable corrections necessitated as a result of the annual audit or an additional audit.

D. Cost Reimbursement. In the event New Hampshire Hydro reasonably incurs any costs not provided for elsewhere herein in connection with or as a result of planning, organizing, documenting, construction, suspensions, rescheduling, cancellation, operation, maintenance, shutdown, demolition, disposition, or termination of the Transmission Facilities, or otherwise arising in connection with this Agreement, each Participant shall promptly reimburse to New Hampshire Hydro, within 15 days of the mailing date of the invoice, its Participating Share of such costs. Each Participant's obligation to reimburse New Hampshire Hydro under this Section shall also include its Participating Share of the amounts that New Hampshire Hydro must pay to Chester SVC Partnership under Section 11B or Section 12 of the SVC Agreement. However, New Hampshire Hydro will endeavor to finance any additional costs, to the extent such additional costs are properly capitalizable, over the shorter of the then remaining useful life of the Transmission Facilities, the remaining term of the Agreement, or the remaining term of its permanent financing. For the purpose of this subsection, the Transmission Facilities shall include the SVC Facilities as defined in the SVC Agreement.

E. Uncontrollable Force. No delay or failure in the performance of any obligation by New Hampshire Hydro shall be deemed to exist if it is the result of an "uncontrollable force". The term "uncontrollable force" shall be deemed to mean any cause beyond the reasonable control of New Hampshire Hydro, which New Hampshire Hydro could not reasonably have been

expected to avoid by exercise of due diligence and foresight, including, without limiting the generality of the foregoing, storm, flood, lightning, earthquake, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor disturbance, sabotage, war, national emergency, or restraint by court or public authority. In such event, New Hampshire Hydro shall use reasonable diligence to notify the Participants of such event.

F. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of the parties and shall also be binding, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any party. Except (i) for a reallocation resulting from a default as provided in Section 15, (ii) for a sale, merger, or consolidation which is approved by New Hampshire Hydro and results in the transfer of substantially all of a Participant's assets to, and the assumption of all of the Participant's obligations hereunder by, an electric utility which is a member of NEPOOL, and (iii) for an assignment by New Hampshire Hydro to a NEES affiliate of New Hampshire Hydro which expressly assumes New Hampshire Hydro's rights and obligations hereunder and acquires the Transmission Facilities, and (iv) for a transfer of any or all of a Participant's Participating Share prior to the Effective Date as provided in Section 4A hereof, no assignment of this Agreement shall operate to relieve the assignor of its obligations under this Agreement without the written consent of the parties hereto. In addition to New Hampshire Hydro's right to assign to an affiliate, New Hampshire Hydro may assign, without the consent of the Participants, its right, title, and interest in this Agreement, in whole or in part, and any security interests contained herein or granted hereunder, to one or more banks, investment banking firms, insurance companies, other financial institutions, or others as collateral security for New

Hampshire Hydro's obligations in connection with financing the Transmission Facilities. Written notice to all parties will be given prior to any assignment hereunder.

G. Right of Setoff. No Participant shall be entitled to set off against the payments required to be made by it hereunder (1) any amounts owed to it by New Hampshire Hydro, any affiliate of New England Hydro, any Equity Sponsor, or any other Participant or (2) the amount of any claim by it against New Hampshire Hydro, any affiliate of New Hampshire Hydro, any Equity Sponsor, or any other Participant. However, the foregoing shall not affect in any other way any Participant's rights and remedies with respect to any such amounts owed to it by New Hampshire Hydro, any affiliate of New Hampshire Hydro, any Equity Sponsor, or any other Participant or any such claim by it against New Hampshire Hydro or any other Participant.

H. Amendments. New Hampshire Hydro shall have the right to amend the provisions of Section 12 hereof from time to time by serving an appropriate statement of such amendment upon the Participants and filing the same with the Federal Energy Regulatory Commission (or such other regulatory agency as may have jurisdiction) in accordance with the provisions of applicable laws and any rules and regulations thereunder, and the amendment shall thereupon become effective on the date specified therein, subject to any suspension order duly issued by such agency. The Participants have the right to intervene in any regulatory proceeding brought by New Hampshire Hydro to consider such amendment of the provisions of Section 12.

Any amendments changing the Participating Shares of the Participants, the rights of the Participants or a Participant as specified in Section 11, or the several nature of the obligations and rights of the Participants hereunder as specified in Section 5, shall require consent by all parties. All other amendments to this Agreement shall be by mutual agreement of New Hampshire Hydro and Participants owning Participating Shares aggregating at least 66 2/3%,

evidenced by a written amendment signed by New Hampshire Hydro and such Participants; and New Hampshire Hydro and all Participants shall be bound by any such amendment.

I. Notices. Except as the parties may otherwise agree, any notice, request, bill, or other communication, relating to this Agreement, or the rights, obligations or performance of the parties hereunder, shall be in writing and shall be effective upon delivery. Any such communication shall be considered as duly delivered when delivered in person or mailed by registered or certified mail, postage prepaid, to the respective post office address of the other parties shown following the signatures of such other parties hereto, or such other address as may be designated by written notice given as provided in this paragraph I.

J. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts.

K. Other.

(1) No action, regardless of form, arising out of this Agreement may be brought by any party hereto more than three years after the cause of action has arisen.

(2) In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

(3) All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, and regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation.

(4) Each party shall, upon request of another party, execute and deliver any document reasonably required to implement any provision hereof.

(5) Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.

(6) This Agreement, with the other Basic Agreements, Preliminary Quebec Interconnection Support Agreement - Phase II, the agreements with Hydro-Quebec regarding Phase II, and the basic agreements covering Phase I shall constitute the entire understanding among the parties and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.

(7) This Agreement is the act and obligation of the parties hereto in their corporate or governmental capacity, and any claim hereunder against any shareholder, director, officer, employee, or agent of any party, as such, is expressly waived.

Section 21. Refund of Gain on Sale or Other Disposition of Transmission Facilities

In the event that any of the Transmission Facilities are sold or otherwise disposed of during the term of this Agreement, if the Net Proceeds (defined as the amount received from such sale or disposition less all costs relating to or resulting from such sale or disposition, including without limitation any income taxes relating to or resulting from such sale or disposition, any premiums and penalties incurred because of the early retirement of any indebtedness associated with the sold or disposed of Transmission Facilities, and any costs of total or partial demolition of the sold or otherwise disposed of Transmission Facilities) from such sale or disposition exceed the greater of (i) the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) or (ii) the then total capital of New Hampshire Hydro (as defined in Section 12), New Hampshire Hydro shall (a) refund to the then current Participants, in proportion to their then current Participating Shares, any such excess, and (b) credit to the accumulated provision for depreciation and amortization

related to the investment in the Transmission Facilities the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition). The total capital of New Hampshire Hydro, for the purposes of this section, may exceed the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) due to (1) any reserve for deferred income taxes paid by New Hampshire Hydro or (2) for other reasons related to the investment in the Transmission Facilities. If the Net Proceeds do not exceed the greater of (i) or (ii) above, the Net Proceeds will be credited to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities in lieu of payment to the Participants. The Participants agree to flow through any such refunds to their customers and shall seek any necessary regulatory approvals to reflect in their rates any such refunds and the effect of any such credits to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities; except that to the extent that a Participant's customers' rates have not reflected all or a portion of that Participant's share of the costs of the Transmission Facilities, then that Participant agrees that a complete flow-through of such refunds may not be appropriate and that particular Participant shall seek any necessary regulatory approvals for the appropriate disposition of an appropriate portion of such refunded amounts or credits.

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed by their duly authorized officers or agents.

COMPANY

By: _____
It's President

Address XXXXX
XXXXX

VELCO SCHEDULE 1

Vermont Phase II Participant	1980 Kilowatthour Load	Percentage Interest
Central Vermont Public Service Corporation	1,895,922,200	58.1197
Citizens Utilities Company	184,496,600	5.6558

Franklin Electric Light Company, Inc.	7,159,900	0.2195
Green Mountain Power Corporation	1,174,519,500	36.0050

Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

Central Vermont Public Service Corporation
Citizens Utilities Company
Franklin Electric Light Company, Inc.
Green Mountain Power Corporation

Schedule II

Massachusetts Municipal Wholesale Electric Company
Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

Except as provided below, if any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of Participants and 1980 kilowatthour load will be appropriately modified.

Participant	1980 Kilowatthour Load
The Connecticut Light and Power Company	16,002,437,000
Western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0

New England Power Company	15,444,975,840	(a), (b)
Boston Edison Company (Edison)	9,531,773,000	(b), (c)
Central Maine Power Company	6,053,571,000	
Public Service Company of New Hampshire	5,043,242,871	(d)
The United Illuminating Company	4,715,078,120	
Vermont Electric Power Company	3,262,098,200	
Canal Electric Company	3,227,553,000	
Montaup Electric Company	3,096,872,000	(e)
Bangor Hydro-Electric Company	1,305,625,118	
Connecticut Municipal Electric Energy Cooperative	718,177,538	
UNITIL Power Corp.	609,873,261	(f)
Massachusetts Municipal Wholesale Electric Company	470,025,000	
Town of Reading Municipal Light Department	401,795,000	
Newport Electric Corporation	382,745,000	
Fitchburg Gas and Electric Light Co.	369,055,118	
Taunton Municipal Lighting Plant	307,460,361	
City of Chicopee Municipal Lighting Plant	279,273,169	
Town of Braintree Electric Light Department	267,289,000	
City of Peabody Municipal Light Plant	245,010,000	
City of Westfield Gas & Electric Light Department	219,026,000	
City of Holyoke Gas & Electric Light Department	214,448,000	
Town of Danvers Electric Department	206,806,000	
Town of Shrewsbury Electric Light Department	146,303,000	
Hudson Light and Power Department	127,808,000	
Town of Wakefield Municipal Lighting Department	107,609,000	
Town of Hingham Municipal Lighting	103,929,000	
Town of South Hadley Electric Light Department	99,981,000	
Town of North Attleborough Electric Department	93,816,000	
Town of Middleborough Gas and Electric Department	92,081,000	
Town of Holden Municipal Light Department	63,676,000	
Town of West Boylston Municipal Lighting Department	43,974,000	
Town of Sterling Municipal Electric Department	24,510,000	
Town of Groton Electric Light Department	22,908,000	
Town of Boylston Municipal Light Department	17,324,000	
Town of Rowley Municipal Light Department	13,551,000	
Princeton Municipal Light Department	7,130,000	
Town of Concord Municipal Light Plant	0	(c)
<hr/>		
	76,698,146,596	

- (a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.
- (b) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.
- (c) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, Concord shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.
- (d) Includes New Hampshire retail 1980 kilowatthour load of 4,939,218,744.

- (e) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.
- (f) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

ATTACHMENT B

Description of the Transmission Facilities

The Transmission Facilities will include the following:

- (1) the continuation of a single circuit \pm 450 kV DC line on an existing right-of-way from the Comerford Substation to the New Hampshire state line at Hudson, a distance of 121 miles;
- (2) communication equipment located in New Hampshire; and
- (3) such other facilities in New Hampshire and Vermont as approved by the Advisory Committee.

ATTACHMENT C

Forms of the following documentation:

- 1. Opinion of Counsel
- 2. Certificate
- 3. Incumbency and Signature Certificate
- 4. Directors' Vote

[Please note - governmental entities may make appropriate modifications to these documents to reflect that they are not corporations.]

[Form of Opinion of Counsel for Each Utility Participant]

New England Hydro-Transmission
Electric Company, Inc.;
New England Hydro Transmission
Corporation; or
New England Power Company

Gentlemen:

This opinion is furnished in connection with the execution and delivery by ____ (the Company) of the following Agreements:

_____.

We have acted as counsel to the Company, one of the Utility Participants, in connection with the execution and delivery of the Basic Agreements. We participated in reviewing and/or drafting the Agreements.

As general [special] counsel to the Company, we are generally familiar with its affairs. [If special counsel is giving the opinion, describe relationship to the Company.] We have reviewed the proceedings taken by the Company in connection with its authorization, execution, and delivery of the Agreements and any documentation supplied by the Company thereunder. We have also examined executed counterparts of the Agreements, have made such other investigation, and have examined such other records and documents, and have made such examination of law and satisfied ourselves as to such other matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below.

Based upon and subject to the foregoing and to the further qualifications in this opinion, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of [the jurisdiction of its incorporation], has the corporate power to own its assets and to transact the business in which it is engaged, and is duly qualified as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

2. The Company has (and in the case of the Agreements at the time of execution and delivery thereof, had) full corporate power, and legal right to execute, deliver and perform the Agreements, and the Company has taken all necessary corporate action to authorize the execution, delivery, and performance by it of the Agreements.

3. The execution, delivery, and performance by the Company of the Agreements do not (a) contravene the Company's [charter documents] or by-laws, (b) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, or award known to us by which the Company is bound, (c) violate any indenture, instrument, or agreement known to us by which the Company is bound, or (d) result in or require the creation or the imposition of any lien pursuant to the provisions of any indenture, instrument, or agreement known to us by which the Company is bound.

4. No authorization, approval, consent, or other action by, and no notice to or filing with, any federal, state, or other governmental authority or regulatory body which has not been obtained or given and is not in full force and effect is required for the valid and lawful execution, delivery, and performance by the Company of the Agreements. [In this connection, to the extent it may be required by law, the approval of the Massachusetts Department of Public Utilities [Connecticut PUC, or other] has been given for the Agreements and the Company's performance thereunder by order(s) dated _____, which remains in full force and effect.]

5. The Agreements have each been duly executed and delivered by the Company and constitute the legal, valid, and binding obligations of the Company enforceable against it in accordance with their respective terms.

6. No action, suit, proceeding, or investigation at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened against or affecting the Company or its property or rights which, if adversely determined, would materially impair the ability of the Company to perform its obligations under the Agreements is known to us.

Our opinion that the Agreements are enforceable, each in accordance with the terms thereof, is qualified to the extent that the enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, and similar laws of general application affecting the rights and remedies of creditors and secured parties, and to the further extent that the availability of the remedies of specific enforcement, injunctive relief, or any other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

Very truly yours,

CERTIFICATE

I, (insert name), the Clerk (or Secretary or other principal recording officer) of (insert name of Utility Participant), a (insert state of organization) (the "Company") do hereby certify that:

(1) Attached hereto as Exhibit A is a true and correct copy of a vote duly adopted at a meeting of the Board of Directors of the Company, duly called and held on _____, ____, and that such vote and the authority vested thereby have not been amended or revoked and are still in full force and effect.

(2) Attached hereto as Exhibit B is a true and correct copy of the Articles of Organization (or other charter documents) of the Company, as amended and in effect as of the date of this Certificate.

(3) Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company, as amended and in effect as of the date of this Certificate.

(4) The persons (or person) listed on Exhibit D have been duly elected to the offices set forth adjacent to their respective names since the first day of June, 1985, and the signatures adjacent to their respective names are the genuine signatures of said officers.

IN WITNESS WHEREOF, I have placed my hand and the seal of the Company this _____ day of _____, ____.

By: _____

Name:

Title:

**CONFIRMATION OF INCUMBENCY AND SIGNATURE OF
CLERK, SECRETARY, OR OTHER PRINCIPAL RECORDING OFFICER**

I, (name), (title) of the Company, do hereby certify that (name of officer executing certificate) is and at all times subsequent to _____, _____, has been the duly elected (title) of the Company and that the signature adjacent to his (or her) name is the genuine signature of said officer.

By: _____

Name:

Title:

FORM OF DIRECTORS' VOTE APPROVING AGREEMENTS

VOTED:

That in connection with this Company's participation in the Phase II expansion of the proposed interconnection between the New England Power Pool companies and Hydro-Quebec, the execution and delivery on behalf of this Company by _____, President, of the following agreements: (being collectively referred to in this vote as "Agreements") copies of which Agreements have been presented at this meeting, are hereby authorized, approved, ratified, and confirmed, and that the officers of this Company are further authorized severally to take any and all such further actions including the execution and delivery of such further documents, as such officers or any of them may deem necessary or appropriate in connection with the actions and documents authorized by this vote.

ATTACHMENT E

**Subscription Process for Determining
Initial Participating Shares**

After allocation of up to 10% of the Participating Shares pursuant to Section 4(B)(1) and (2), the remaining shares shall be allocated to Participants as follows:

- a. Each Participant shall be entitled to a pro rata share of the remainder based on its 1980 Kwh load as a percentage of all Participants' 1980 Kwh loads.
- b. Upon execution of this Agreement, each Participant may subscribe for more or less than its share under (a) above.

- c. If there are no undersubscriptions or oversubscriptions under (b) above or if the sum of the shares under (a) or (b) above for all Participants equals 100% of such remaining shares, then each Participant shall have a share as determined under (a) or (b) above. For the purposes of this section, oversubscription shall mean, with respect to any Participant, a subscription under (b) above of more than its share under (a) above. For the same purposes, undersubscription shall mean, with respect to any Participant, a subscription under (b) above of less than its share under (a) above. The amount of such oversubscription shall be equal to (b) minus (a) and the amount of such undersubscription shall be equal to (a) minus (b).)
- d. If there are undersubscriptions but no oversubscriptions or if there are oversubscriptions but no undersubscriptions, then each Participant shall have a share as determined under (a) above.
- e. If the net result of subtracting the aggregate amount of all undersubscriptions from the aggregate amount of all oversubscriptions is greater than zero, the aggregate amount of all oversubscriptions must be reduced to the aggregate amount of all undersubscriptions. This amount shall be referred to as the total permitted amount of oversubscriptions. Each oversubscriber shall initially be allocated a share of the total permitted amount of oversubscriptions (pro rata by the 1980 kwh loads of the oversubscribers); provided that no oversubscriber shall be allocated more than its requested amount under (b) above. Any remaining unallocated portion of the total permitted amount of oversubscriptions shall be allocated to all oversubscribers that have not yet reached their requested amount under (b) above pro rata by the differences between their requested amounts under (b) above and their amounts allocated thus far under this section (d).
- f. If the net result of subtracting the aggregate amount of all oversubscriptions from the aggregate amount of all undersubscriptions is greater than zero, the aggregate amount of all undersubscriptions must be reduced to the aggregate amount of all oversubscriptions. This amount shall be referred to as the total permitted amount of undersubscriptions. The total permitted amount of undersubscriptions shall be allocated to the undersubscribers pro rata by the amounts of their undersubscriptions.

ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the Transmission Facilities, Equity Sponsors have provided credit support for the project in excess of their Participating Shares. This enhances New Hampshire Hydro's ability to finance the project. The status of a Participant as a Credit Enhanced Participant that receives credit enhancement or not will be determined in connection with, and as of the date of commitment for, each debt financing, including any construction financing, in accordance with Section 1 hereof, and the Credit Enhancement Charge will be determined with respect to each such financing and will continue to be paid as long as the financing is outstanding and as long as any accrued unamortized Credit Enhancement Charges for said Participant remain outstanding.

An "investment grade" Participant is defined in this Agreement as a Participant which has outstanding junior long-term debt securities which have qualified debt ratings by two of the three major rating agencies. An "investment grade" Participant is also defined as a Participant which has a Participating Share of four-tenths of one percent (0.4%) or less and which has outstanding junior long-term debt securities having a rating from only one of the three major rating agencies with that rating being a qualified debt rating. (For these purposes, the outstanding junior long-term debt securities of a Participant shall mean (i) its outstanding long-term debentures, or (ii) if no long-term debentures are outstanding, its most junior outstanding long-term mortgage or revenue bonds, or (iii) if no long-term debentures, mortgage bonds or revenue bonds are outstanding, its most junior outstanding long-term debt.) "Qualified debt ratings" are defined as a minimum rating of Baa3 by Moody's Investors Service, BBB- by Standard & Poor's Corporation and D&P 10 by Duff & Phelps, Inc.

Any "substitute credit enhancement" shall mean, with respect to any New Hampshire Hydro debt financing, including any construction financing (i) a letter of credit from a commercial bank having capital, surplus, and undivided profits of at least \$250 million and a credit rating of "AA" or better in form and substance satisfactory to New Hampshire Hydro or (ii) a credit support that is equivalent to (i) above which is satisfactory in form and substance to New Hampshire Hydro, or (iii) a guarantee from an Equity Sponsor which at that time the guarantee is made satisfies the requirements to be an Equity Sponsor as set forth in section 4 of the Equity Funding Agreements; provided that such enhancement is irrevocable until the final maturity of such debt financing, including any optional extensions thereof. The first time that a Participant supplies substitute credit enhancement under this Agreement or under the Phase II Massachusetts Facilities Support Agreement, the substitute credit enhancement shall also cover such Participant's share of the debt obligations of New England Power Company and Boston Edison Company relating to their respective AC Facilities and the term of such credit enhancement shall extend for the full term of the then remaining depreciation period for the AC facilities supported

under such AC Facilities Support Agreements.

The principal amount of such substitute credit enhancement shall equal that Participant’s Participating Share of the maximum amount of obligations under such New Hampshire Hydro debt financing plus, if not already provided in connection with any other debt financing of New Hampshire Hydro or New England Hydro, that Participant’s Participating Share of the maximum amount of debt obligations of New England Power Company and Boston Edison Company relating to the AC Facilities as determined by New England Power and Boston Edison, respectively.

For any substitute credit enhancement that covers that Participant’s Participating Share of the debt obligations of Boston Edison Company and New England Power Company relating to the AC Facilities, such substitute credit enhancement shall provide for direct payment to New England Power and Boston Edison, respectively, of the amounts included therein for covering such debt obligations.

As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge, as calculated in connection with each debt financing is required to be paid by the Participants. If a Participant is a Credit Enhanced Participant by reason of below-investment grade, withdrawn or suspended debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Participant will be paid by all Participants with each Participant paying its Participating Share thereof; provided, however, that if a Participant is a Credit Enhanced Participant due to lack of debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Participant shall be paid by such Participant.

The Credit Enhancement Charge (E) attributed to a Credit Enhanced Participant is a dollar value determined monthly for each Credit Enhanced Participant by the following formula:

$$E = \sum_{i=1}^n F_i$$
$$\text{where } F_i = \left(\frac{G}{100} \times H_i \times \frac{I_i}{100} \times 0.8 \times \frac{1}{12} \right) + J_i$$

- F = the Credit Enhancement Charge for each New Hampshire Hydro debt financing that is credit enhanced for the Participant.
- i = a number from 1 to n representing each of New Hampshire Hydro debt financings.
- n = total number of such financings.
- G = the Participant’s Participating Share (in percent)
- H = the maximum outstanding amount of New Hampshire Hydro debt during the month which was credit enhanced for such Participant
- I = debt premium (in percent) for the Credit Enhanced Participant as shown in the following table:

<u>Participant’s</u>	<u>I(%)</u>
<u>Debt Rating*</u>	

Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
6a2	3.32
Ba1	2.82

* Debt rating shall be the lower of the two highest ratings assigned to the Participant's outstanding junior long-term debt securities by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the commitment date of such New Hampshire Hydro debt financing. If the Participant has a Participating Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for such Participant shall be that rating converted to a Moody's equivalent as measured at the commitment date of such New Hampshire Hydro debt financing.

J = an amount calculated as follows:

During the period from the Effective Date to the Date of Full Support Payment, J shall equal 0 and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Participant during such period with interest calculated at New Hampshire Hydro's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Participant shall be treated as if it represented additional investment in the Transmission Facilities relating only to such Participant. As a result J shall include monthly amounts attributable to such Participant (whether or not it continues to be a Credit Enhanced Participant after the Date of Full Support Payment and whether or not the debt being enhanced continues to be outstanding) representing amortization of such previously accrued amount (with amortization over the period that the investment in the Transmission Facilities is being amortized) plus one-twelfth of the composite percentage (as defined in Section 12 hereof) times the unamortized accrued amount plus a provision for income taxes

ATTACHMENT G

FORM OF EQUITY FUNDING AGREEMENT

FOR

NEW ENGLAND HYDRO-TRANSMISSION CORPORATION

This AGREEMENT dated as of June 1, 1985, is between New England Hydro-Transmission Corporation (New Hampshire Hydro) and the New England entities listed in Attachment A hereto. Those New England entities that have executed this Agreement and that meet the further conditions for participation and qualification hereunder are hereinafter referred to as Equity Sponsors or individually as an Equity Sponsor. The Equity Sponsors are sometimes referred to collectively herein, but their rights and obligations

hereunder are several and not joint as described in Section 6 hereof.

In consideration of the premises, the concurrent execution of the other Basic Agreements hereinafter referred to, the mutual covenants hereinafter and therein set forth, and other good and valuable consideration, receipt whereof is hereby acknowledged, it is hereby agreed as follows:

Section 1. Basic Understandings and Purpose

New England utilities are currently participating in the arrangements for the Phase I interconnection planned by the New England Power Pool (NEPOOL) with Hydro-Quebec, which is to consist of a \pm 450 kV HVDC transmission line from a terminal at the DES Cantons Substation on the Hydro-Quebec system near Sherbrooke, Quebec to a terminal having an approximate rating of 690 MW at a substation at the Comerford Generating Station on the Connecticut River (hereinafter referred to as Phase I). The basic arrangements covering the portion of Phase I in the United States are set forth in the New England Power Pool Agreement, as amended (the NEPOOL Agreement) and three contracts among the participants in Phase I as follows:

- (1) Vermont Transmission Line Support Agreement, dated as of December 1, 1981, as amended, with Vermont Electric Transmission Company, Inc.
- (2) Phase I Terminal Facilities Support Agreement, dated as of December 1, 1981, as amended, with New England Electric Transmission Corporation, and
- (3) Agreement With Respect To Use Of Quebec Interconnection, dated as of December 1, 1981, as amended, including the restatement thereof in connection with Phase II (this Agreement as restated to cover Phase II is hereinafter referred to as the Use Agreement).

These Phase I interconnection facilities are currently under construction with completion scheduled during 1986.

With the completion of arrangements for Phase I and the related contracts with Hydro-Quebec, the members of NEPOOL have conducted studies of the benefits of an expanded interconnection for NEPOOL with Hydro-Quebec (Phase II) and have negotiated with Hydro-Quebec a firm energy arrangement to utilize the expanded interconnection facilities.

The portion of Phase II in the United States will consist of an extension of the Phase I DC transmission line from the proposed terminus of Phase I at the Comerford Station through New Hampshire to a site in Massachusetts with additional terminal facilities installed at that site to increase the total transfer capacity between Hydro Quebec and NEPOOL from the 690 MW of Phase I to approximately 2000 MW. Reinforcements to the existing AC transmission system of New England Power and to certain AC facilities of Boston Edison Company will also be required. The United States portion of the Phase II facilities will be designated as pool-planned facilities in the same manner as the United States portion of the Phase I facilities was so designated.

Each Equity Sponsor acknowledges that it has been represented on the Executive and Planning Committees of NEPOOL that had responsibility for evaluating the feasibility of Phase II and, through this representation, actively participated in the decision of

NEPOOL to go forward with Phase II. Furthermore, each Equity Sponsor represents that it made its own independent investigations and inquiries as it deemed appropriate and did not rely upon representations (other than those contained in this Agreement) of New England Hydro or its affiliates in deciding to enter into this Agreement.

The share of benefits among the New England utilities associated with Phase II is set forth in the Use Agreement. The Use Agreement also permits each New England utility to make its own entitlement transactions with Hydro Quebec and to use the interconnection for such transactions.

The provisions of the Phase II Massachusetts Transmission Facilities Support Agreement (Massachusetts HVDC Support Agreement) cover the Phase II Massachusetts HVDC transmission line and terminal facilities in Massachusetts. New England Hydro-Transmission Electric Company, Inc. (New England Hydro) will build, own, operate, and maintain those Massachusetts HVDC transmission facilities.

The portion of the Phase II HVDC transmission line to be constructed in New Hampshire is covered under the Phase II New Hampshire Transmission Facilities Support Agreement (New Hampshire HVDC Support Agreement). New Hampshire Hydro will build, own, operate, and maintain those New Hampshire HVDC transmission facilities.

All improvements and reinforcements to the AC transmission system in Massachusetts necessitated by Phase II are covered under the Phase II New England Power AC Facilities Support Agreement (New England Power AC Support Agreement) and the Phase II Boston Edison AC Facilities Support Agreement (Boston Edison AC Support Agreement).

The provisions of this Agreement cover the commitments of the Equity Sponsors of New Hampshire Hydro to contribute equity funds to New Hampshire Hydro, to provide certain limited credit support in connection with debt financing of New Hampshire Hydro and to accept an allocation of a share of Phase II in the event of a default by certain participating New England utilities under certain other Basic Agreements.

In view of the need to formalize the agreements among the parties at an early date so that (i) binding commitments with Hydro Quebec for Phase II may be made, (ii) binding commitments for ultimate construction and the financing of the United States portion of Phase II may be undertaken consistent with the time schedule anticipated by NEPOOL and with the assurance that commitments among the New England utilities are in place, and (iii) licensing activities may proceed on a schedule that enables completion of such construction consistent with the time schedule anticipated by NEPOOL, the following agreements are concurrently being entered into (the "Basic Agreements") which collectively set forth rights and obligations with respect to the foregoing undertaking: (1) this Agreement, (2) the Massachusetts HVDC Support Agreement; (3) the New Hampshire HVDC Support Agreement; (4) the Equity Funding Agreement for New England Hydro; (5) the New England Power AC Support Agreement; (6) the Use Agreement; (7) various amendments to the NEPOOL Agreement relating to the sharing of savings, capability responsibilities, and Pool transmission arrangements; and (8) the Boston Edison AC Support Agreement.

In order to coordinate each participating utility's interest in Phase II to the fullest extent possible, each of the following Basic Agreements have been drafted with the intent that the participating interest of each participating utility will be the same under each agreement: the Massachusetts HVDC Support Agreement, the New Hampshire HVDC Support Agreement, the New England Power AC Support Agreement, the Boston Edison AC Support Agreement, and the Use Agreement. These Basic Agreements also provide that, notwithstanding any provision thereof that may be interpreted to the contrary, the proper interpretation of each of these Basic Agreements is to be consistent with such overriding intent. Each Equity Sponsor acknowledges this overriding intent and agrees that any action by it or its appointee affecting such participating interests shall be the same under this Agreement and the Equity Funding Agreement with New England Hydro in order to also be consistent with such overriding intent.

Section 2. Conditions Precedent to Effectiveness

The effectiveness of this Agreement, and all rights, obligations, and performance of the signatories hereunder, is subject to (i) New England Electric System (NEES) and other signatories having executed this Agreement committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, and each such signatory having demonstrated by December 30, 1985, to the satisfaction of New Hampshire Hydro that is qualified to be an Equity Sponsor pursuant to Section 4, (ii) New England Hydro or New Hampshire Hydro or New England Power or Boston Edison and members of NEPOOL (including Boston Edison and New England Power) serving at least 66-2/3% of the aggregate kilowatt-hour load served by NEPOOL members in 1980 having executed the other Basic Agreements (except for the Equity Funding Agreement for New England Hydro and the amendments to the NEPOOL Agreement), (iii) each signatory having also executed the Equity Funding Agreement for New England Hydro and having the same percentage of New England Hydro's equity as its Equity Share hereunder, (iv) members of NEPOOL having executed the amendments to the NEPOOL Agreement for Phase II in order that such amendments may become effective in accordance with the NEPOOL Agreement, and (v) each signatory having satisfied the conditions precedent set forth below.

By June 1, 1986, each signatory to this Agreement shall provide certificates and legal opinions from counsel satisfactory to New Hampshire Hydro, together with certified copies of related resolutions, consents, approvals, authorizations, and other documents (Documentation) necessary to establish to the satisfaction of New Hampshire Hydro that all corporate and regulatory consents, waivers, approvals, authorizations and other actions necessary in connection with performance by such signatory of its obligations under the Agreement have been obtained and are in full force and effect, that the Agreement has been duly authorized, executed, and delivered by such signatory, and that it constitutes a binding commitment by the signatory enforceable in accordance with its terms. Forms of Documentation acceptable to New Hampshire Hydro are included in Attachment B hereto. Prior to signing this Agreement, each signatory has provided to New Hampshire Hydro a listing of all consents, waivers, approvals, authorizations, and other actions required for that signatory to deliver its Documentation.

Vermont Electric Power Company, Inc. (VELCO) and Massachusetts Municipal Wholesale Electric Company (MMWEC)

represent a number of electric systems. If they desire and are qualified to be Equity Sponsors, they shall be deemed to have signed on behalf of those respective systems listed in Schedules I or II, respectively. By March 1, 1986, VELCO and MMWEC will provide New Hampshire Hydro with copies of contracts with their respective systems which impose absolute and unconditional obligations on such systems to pay their proportionate shares of all costs or obligation incurred under this Agreement by VELCO or MMWEC, respectively. By that date, VELCO and MMWEC will also provide to New Hampshire Hydro as part of their Documentation certificates, legal opinions (from counsel satisfactory to New Hampshire Hydro), and other documents in form and substance satisfactory to New Hampshire Hydro representing unconditionally that all consents, approvals, and authorizations have been obtained by their contracting systems in connection with each such system's performance of its obligations under its respective contract with VELCO or MMWEC and that each such contract imposes absolute and unconditional obligations on such systems to pay their proportionate shares of all costs incurred under this Agreement by VELCO or MMWEC, respectively, and has been duly authorized, executed, and delivered and is a binding commitment of such system enforceable in accordance with its terms. If regulatory approvals have not been obtained by March 1, 1986, such representations shall be conditioned upon receipt of regulatory approvals. VELCO and MMWEC will have until June 1, 1986, to receive such approvals and make such representations unconditionally. In order that percentages of participation be consistent among the Basic Agreements, VELCO and MMWEC shall have their contracts with their contracting systems cover the necessary commitments for each Basic Agreement.

All expenses in connection with obtaining and delivering any Documentation under this Agreement, including legal opinions, are to be borne by the signatory incurring such expense. New Hampshire Hydro will have no responsibility for any expenses incurred by VELCO and MMWEC in providing Documentation for their respective contracting systems.

Any signatory that fails to meet the requirements of Section 2 by the deadlines contained herein will not be an Equity Sponsor under this Agreement and will not have any rights and obligations hereunder.

New Hampshire Hydro by written notice to all signatories may extend any deadline date specified in this Section to a later date, provided that any extension for longer than six months requires the consent of the Advisory Committee under the New Hampshire HVDC Support Agreement.

Section 3. Effective Date and Term

This Agreement shall become effective (the Effective Date) upon the last to occur of the following dates:

- (i) the date that the Equity sponsors, committing in the aggregate to Equity Shares (as hereinafter defined) equal to at least 100%, have met the requirements of Section 2; and
- (ii) the date that the last of the other Basic Agreements (excluding the Use Agreement) becomes effective or would become effective but for a condition that its effectiveness is subject to this Agreement becoming effective.

Upon execution and delivery of the Agreement by New Hampshire Hydro and NEES and other signatories committing in the aggregate to Equity Shares (as hereinafter defined) equal to no less than 100%, and notwithstanding any provision herein to the contrary, no signatory may terminate its obligations hereunder except in accordance with provisions of this Agreement.

The term of this Agreement shall expire on termination date of the New Hampshire HVDC Support Agreement.

Section 4. Equity Sponsor Qualification

A. In order to enhance New Hampshire Hydro's ability to finance its portion of Phase II as required under the Massachusetts HVDC Support Agreement and to enhance the credit support of certain Supporters under the AC Support Agreement, some or all of the New England utilities participating in Phase II whose credit ratings are at least one grade above the lowest investment grade have agreed to provide, or to cause their designees to provide, credit support for those New England utilities participating in Phase II whose credit ratings are below investment grade. NEES and those New England utilities or their designees which have agreed to provide this credit support are the Equity Sponsors of New Hampshire Hydro under this Agreement.

B. A Participant under the New Hampshire HVDC Support Agreement or its authorized designee qualifies to be an Equity Sponsor by having its outstanding long-term debentures rated at least one grade above the lowest investment grade rating as of September 1, 1985. If no long-term debentures are outstanding, the ratings used shall be those of such company's most junior long-term mortgage or revenue bonds. If no mortgage bonds, revenue bonds, or debentures are outstanding, the ratings used shall be those of the most junior long-term debt. VELCO shall qualify to be an Equity Sponsor if 80% or more of its common stock is owned by utilities whose debt securities qualify pursuant to this subsection 4(B).

For purposes of this Agreement, "one grade above the lowest investment grade rating" means a rating equal to the following ratings from two of these rating agencies: Standard and Poor's Corporation - Rating BBB; Moodys Investor Service - Rating Baal; and Duff & Phelps - Rating D&P 9 (or the equivalent municipal ratings).

C. A "designee" shall be authorized to be an Equity Sponsor if it is a parent company of such Participant and (i) its debt securities meet the appropriate test specified in B above, or (ii) at least 80% of its consolidated utility revenues are derived from subsidiaries whose debt securities meet the appropriate test specified in B above. (For VELCO, each stockholder of VELCO shall be a parent company of VELCO.) On or before the date of execution of this Agreement, each Participant shall identify its designee, if any.

D. In order that the necessary credit enhancement is provided as specified in A above, the qualification of each Equity Sponsor shall be reviewed by New Hampshire Hydro as of the date that the first equity contributions are to be made by such Equity Sponsor. If an Equity Sponsor fails to qualify on such date, appropriate actions and allocations shall be instituted as provided elsewhere in this Agreement.

Section 5. Equity Shares

A. Each Equity Sponsor shall have and be charged with a percentage interest in all rights and obligations hereunder

determined in accordance with this Section 5 (which interest is hereinafter referred to as its "Equity Share"). All of the equity of New Hampshire Hydro will be owned by the Equity Sponsors in proportion to their Equity Shares.

The Equity Share of each Equity Sponsor shall be computed both initially and as changed from time to time in accordance with the terms hereof, by New Hampshire Hydro as hereinafter provided. Such computations shall be made as of the first day of any month in which there is a change in the number of Equity Sponsors or any change in the interest of any Equity Sponsor as herein provided. The initial computation is to be made as of September 15, 1985, and subsequent computations are to be made in any month thereafter in which an interest is modified or terminated due (i) to the failure of a signatory to provide proof that it is qualified to be an Equity Sponsor by December 30, 1985, or (ii) to the failure to provide Documentation by June 1, 1986, or (iii) to the failure to be so qualified on the date the first equity contributions are to be made by such Equity Sponsor, or (iv) to the operation of any provision of this Agreement. All computations shall be final unless there is a manifest error. Such computations of Equity Sponsors' Equity Shares as initially calculated and as changed under (i) and (ii) shall be made pursuant to Attachment C. Changes under (iii) shall be made pursuant to section 5(C) below, and changes under (iv) shall be made pursuant to the appropriate section requiring the change.

B. The Equity Shares on and as of the initial computation date, and as of the date of subsequent computations under subparts (i) and (ii) of the second paragraph of A above, will be calculated as follows:

1. 51% to NEES; and
2. 49% apportioned among the other Equity Sponsors on the basis of the subscription process as described in Attachment C.

(Attachment C provides that each Equity Sponsor may specify a maximum percentage of equity and that such maximum shall remain in effect until June 1, 1986 or such later deadline if extended pursuant to Section 2 hereof.)

C. On the basis of New Hampshire Hydro's review of the qualifications of each Equity Sponsor other than NEES as of the date that the first equity contributions are to be made by such Equity Sponsor, if one or more Equity Sponsors are no longer qualified under Section 4, (i) the aggregate Equity Shares of such unqualified Equity Sponsors shall first be offered in writing by New Hampshire Hydro to all then qualified Equity Sponsors other than NEES for voluntary subscription, (ii) second, any remaining shortfall shall be allocated pro rata among such qualified Equity Sponsors not including NEES in proportion to their Equity Shares determined as of June 1, 1986, provided that the aggregate of all involuntary allocations under this Section 4(C) to such qualified Equity Sponsors shall not exceed an aggregate Equity Share of 10%, and further provided that the aggregate of all such involuntary allocations to any such Equity Sponsor shall not increase such Equity Sponsor's Equity Share determined as of June 1, 1986, by more than 25% thereof, and (iii) finally, any remaining shortfalls shall be retained pro rata by such no longer qualified Equity Sponsors in proportion to their Equity Shares determined as of June 1, 1986; provided, however, that NEES and all qualified Equity Sponsors may

agree to other allocation arrangements; and further provided that NEES shall not have an Equity Share of less than 51% unless it so consents. (The above deadlines of June 1, 1986 may be extended to a later deadline pursuant to Section 2 hereof.)

All offerings above shall be made in accordance with a voluntary subscription process as specified in New Hampshire Hydro's offering letter, and any oversubscriptions will be treated as provided therein.

Section 6. Relationship Among Equity Sponsors

The rights and obligations of the Equity Sponsors hereunder are several, in accordance with their respective Equity Shares, and not joint. The rights and obligations of New Hampshire Hydro hereunder are also several and not joint with those of the Equity Sponsors or any one thereof. There is no intention to create by this Agreement, or by any grant, lease, license, or activity related hereto, an association, joint venture, trust, or partnership or to impose on New Hampshire Hydro or any Equity Sponsor trust or partnership rights or obligations; and any such implied intention is expressly negated. Except as expressly provided in this Agreement, no Equity Sponsor shall have by virtue of this Agreement or of any such grant, lease, license, or activity the right or power to bind any other Equity Sponsor without its express written consent.

Section 7. Equity Contribution

A. Under the Massachusetts HVDC Support Agreement, New England Hydro has agreed to limit its equity investment to a maximum of 40% of its total capital as of the effective date of that agreement and has agreed to use its best efforts to continue to limit its equity investment to 40% of its total capital during the time that New Hampshire Hydro has outstanding debt in its capital structure.

New Hampshire Hydro may call from time to time by written notification upon the Equity Sponsors to contribute equity in any of the forms set forth in this Section up to a maximum aggregate amount of \$90 million, provided that Equity Sponsors having 66-2/3% of Equity Shares may agree to increase this maximum aggregate amount; and then all Equity Sponsors shall contribute such requested amount with each Equity Sponsor contributing up to its Equity Share of the new maximum. Any contribution made in response to New Hampshire Hydro's call in excess of the maximum aggregate amount, as adjusted from time to time, may be made on a voluntary basis by any contributing Equity Sponsor, and New Hampshire Hydro will make an appropriate adjustment in Equity Shares.

B. During the term of this Agreement, New Hampshire Hydro has the option from time to time to call for contribution of equity in any of the following forms:

(1) New Hampshire Hydro may offer shares of its common stock to its Equity Sponsors and each Equity Sponsor shall subscribe for and purchase, for cash at a price set by New Hampshire Hydro, its Equity Share of the common stock so offered.

(2) After each Equity Sponsor owns common stock of New Hampshire Hydro, New Hampshire Hydro may request that capital contributions be made, and each Equity Sponsor shall contribute to New Hampshire Hydro its Equity Share of the total capital contribution so requested.

C. In order that New Hampshire Hydro may limit its equity investment to a maximum of 401 of its total capital, New Hampshire Hydro may, at its option, from time to time, take any of the following actions:

(1) New Hampshire Hydro may repurchase for cash its common stock from Equity Sponsors in amounts that will not change the relative Equity Shares among Equity Sponsors and at a price per share equal to book value per share at the time of repurchase. Each Equity Sponsor shall sell such common stock to New Hampshire Hydro in the full amount so requested.

(2) New Hampshire Hydro may return any capital contribution previously received from Equity Sponsors in amounts that will not change the relative Equity Shares among Equity Sponsors. Each Equity Sponsor shall accept such return of capital contribution in the full amount so returned.

(3) New Hampshire Hydro may pay dividends out of earnings or make liquidating dividends to the Equity Sponsors.

D. New Hampshire Hydro shall give written notice of any call for contributions of equity under B above to each Equity Sponsor. Such notice shall specify the amount to be contributed, the form of the contribution, and a date, at least thirty days after the date of the notice, that the equity is to be contributed. New Hampshire Hydro will provide annually estimates of its equity requirements and estimated dates when any equity contributions hereunder will be due. New Hampshire Hydro shall give written notice of any action to reduce its equity under C above to each Equity Sponsor. Such notice shall specify the amount and form of the reduction and a date, at least fifteen days after the date of the notice, that the reduction in equity is to occur.

E. New Hampshire Hydro shall use the proceeds of any equity contribution under this Agreement for the sole purpose of meeting its capital requirements under the New Hampshire HVDC Support Agreement.

F. All transactions under B, up to a maximum aggregate amount of \$90 million, and under C above shall be subject to receipt of all necessary regulatory approvals, and New Hampshire Hydro and the Equity Sponsors shall use their best efforts to obtain, or to assist in obtaining, these approvals in advance of the Effective Date.

G. New Hampshire Hydro shall have two classes of common stock, both of which will have the same preferences, qualifications, special or relative rights or privileges, except that only one class shall have voting powers. Equity Shares allocated to NEES shall be evidenced by voting common stock. The Equity Shares allocated to each other Equity Sponsor shall, at the option of such Equity Sponsor, be evidenced by shares of voting common stock or non-voting common stock. Any reallocation of Equity Shares pursuant to Section 5 hereof shall be effected in such manner as to involve the issuance of additional common stock to each Equity Sponsor of the class then held by such Sponsor. Such election to take voting or non-voting stock shall be made in writing to New Hampshire Hydro by December 31, 1985.

H. Notwithstanding any provision of this Agreement to the contrary, prior to the date that New Hampshire Hydro first calls for equity contributions from all Equity Sponsors, all equity of New Hampshire Hydro will be owned and contributed by NEES.

Section 8. Cash Deficiency Guarantee

A. The New Hampshire HVDC Support Agreement provides that, if New Hampshire Hydro has, on any Due Date, a Cash Deficiency attributed to a Participant, the Participant absolutely and unconditionally guarantees to pay its Cash Deficiency on demand of Lenders. (The commitment is made in section 19 of that Agreement.) To provide further credit support to New Hampshire Hydro, each Equity Sponsor absolutely and unconditionally guarantees to pay its then Equity share of the Cash Deficiency attributed to any Credit Enhanced Participant (as defined in the New Hampshire HVDC Support Agreement) with respect to any third party debt financing of New Hampshire Hydro that was credit enhanced for such Participant, with such amounts to be paid directly on demand to Lenders, in cash, if for any reason a Credit Enhanced Participant fails to pay when due its Cash Deficiency on demand of Lenders. Each Equity Sponsor agrees that its obligations under this Section shall be continuing, absolute, and unconditional and without the benefit of any defense, claim, set-off, recoupment, abatement, or other right, existing or future, which an Equity Sponsor may have against the Lenders, New Hampshire Hydro, or any other person, and shall remain in full force and effect until all of the obligations of New Hampshire Hydro to the Lenders have been discharged.

Each Equity Sponsor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of any Lender or New Hampshire Hydro or any other Equity Sponsor, protest or notice with respect to this guarantee, and covenants that the obligations contained in this guarantee will not be discharged except by complete performance of the obligations of New Hampshire Hydro to the Lenders.

B. Notwithstanding any other provision contained herein, each Equity Sponsor's obligations under this Section 8 shall be limited to its Equity Share of the Cash Deficiency attributed to any Credit Enhanced Participant with respect to any financing of any New Hampshire Hydro that was credit enhanced for such Participant.

C. In no event shall the several guarantees of the Equity Sponsors attributable to Credit Enhanced Participants for each debt financing of New Hampshire Hydro exceed in the aggregate 35% of the aggregate amount of the obligations relating to such financing, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such 35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

D. In no event shall Equity Sponsors be required to provide guarantees for a Participant with respect to a particular third party debt financing of New Hampshire Hydro if that would result in Credit Enhanced Participants with respect to that and all other outstanding financings of New England Hydro and New Hampshire Hydro having Participating Shares exceeding 35% under the New Hampshire HVDC Support Agreement, provided that Equity Sponsors having an aggregate of at least 80% of the Equity Shares may agree to exceed such 35% maximum and subject to receipt of any necessary regulatory approvals, such agreement shall be binding on all Equity Sponsors.

E. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals

required for the several guarantees made in this Section.

Section 9. Acceptance of Participating Shares

A. In accordance with section 15 of the New Hampshire HVDC Support Agreement, if a Participant that is a Credit Enhanced Participant is terminated by New Hampshire Hydro as a Participant, each Equity Sponsor or its appointee shall be allocated by New Hampshire Hydro its then Equity Share of the Participating Share of such terminated Participant; such allocation to be made as of the date of such termination. Each Equity Sponsor or its appointee shall accept such allocation from New Hampshire Hydro and shall unconditionally and absolutely assume the rights and obligations associated therewith from the date of such allocation. If a Participant that was not also a Credit Enhanced Participant is terminated, then acceptance of any allocation shall be voluntary by any Equity Sponsor or its appointee and shall be in accordance with New Hampshire Hydro's offer thereof. If required by New Hampshire Hydro, any Equity Sponsor or its appointee assuming rights and obligations under the Massachusetts HVDC Support Agreement shall execute and deliver any documents necessary to effectuate such assumption. If any Equity Sponsor that is the designee of a Participant is unable to deliver these documents to effectuate the assumption, such Equity Sponsor shall take all actions necessary for the Participant that so designated it as an Equity Sponsor to assume such rights and obligations as its appointee.

The appointee of NEES shall be New England Power Company. The appointee(s) of any other Equity Sponsor shall be the Participant(s) for which such Equity Sponsor was acting as a designee. Each Equity Sponsor agrees that if its appointee is allocated a Participating Share under the New Hampshire HVDC Support Agreement, such Equity sponsor shall also allocate to it an equal participating share and support share under the Massachusetts HVDC Support Agreement and New England Power and Boston Edison AC Support Agreements, respectively.

B. Each Equity Sponsor shall use its best efforts to obtain and assist others in obtaining all necessary regulatory approvals required for performance of its or its appointee's commitments made in this Section.

Section 10. Character of Payment Obligations

The obligations of each Equity Sponsor to make payments hereunder, and to perform and observe all other agreements on its part contained herein, are absolute and unconditional and shall not be affected by any circumstances, including, without limitation, (i) any insolvency, composition, bankruptcy, reorganization, arrangement, liquidation or similar proceedings relating to New Hampshire Hydro, New England Power Company, Boston Edison Company, the Equity Sponsor, any other Equity Sponsor, or any affiliate thereof, (ii) any invalidity or unenforceability or disaffirmance by New Hampshire Hydro or any Equity Sponsor of any provision of this Agreement or any failure, omission, delay, or inability of New Hampshire Hydro to perform any of its obligations contained herein, (iii) any amendment, extension, or other change of, or any assignment or encumbrance of any rights or obligations under, this Agreement, or any waiver or other action or inaction, or any exercise or nonexercise of any right or remedy, under or in respect to this Agreement, or (iv) any inability of the Equity Sponsor or any other Equity Sponsor to obtain regulatory approvals for financing its

Equity Share of any obligations under this Agreement or for meeting any other obligations under this Agreement, it being the intention of the parties hereto that all amounts payable by each Equity Sponsor in respect of this Agreement shall begin to be payable and shall continue to be payable in all events in the manner and at the time herein provided. In that connection, each Equity Sponsor hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, or surrender any of its obligations under this Agreement.

Section 11. Default

A. Any of the following events (Events of Default) that occur and are continuing are Events of Default:

- (i) An Equity Sponsors shall fail to pay to New Hampshire Hydro when due any amount which it has agreed to pay under any provision of this Agreement, and such failure shall continue for more than 15 days after written notice thereof has been given to such Equity Sponsor by New Hampshire Hydro; or
- (ii) Any Equity Sponsor shall fail to supply in accordance with the terms hereof any documentation required by New Hampshire Hydro in connection with financing with Lenders by New Hampshire Hydro (for VELCO and MMWEC, this includes documentation for their respective contracting electric systems), and such failure shall continue for more than 30 days after written notice of such failure has been given to such Equity Sponsor by New Hampshire Hydro; or
- (iii) An Equity Sponsor shall fail to perform any other obligation under this Agreement in accordance with the terms hereof, and such failure shall continue for more than 30 days after written notice thereof has been given to such Equity Sponsor or any of its affiliates by New Hampshire Hydro.
- (iv) Any Equity Sponsor shall experience an event of default under the Equity Funding Agreement for New Hampshire Hydro.

B. If an Event of Default under Section 12A(i) above shall have occurred, New Hampshire Hydro may, by written notice to each Equity Sponsor, request that the nondefaulting Equity Sponsors on a voluntary basis make the overdue payment to New England Hydro, provided that similar voluntary payments are made under the Equity Funding Agreement for New Hampshire Hydro.

C. New Hampshire Hydro or any Equity Sponsor shall be free to invoke such remedies at law or in equity as may be deemed appropriate against any Equity Sponsor that defaults under this Agreement.

Section 12. Restrictions on Transfer of Common Stock

Each Equity Sponsor agrees that it will not transfer any or all of its common stock of New Hampshire Hydro to any other person unless such person is an Equity Sponsor or meets the requirements for being an Equity Sponsor under sections 4B or 4C hereof as of the date of such transfer and a similar transfer is made under the Equity Funding Agreement for New Hampshire Hydro.

Section 13. Dividends on Common Stock

Any Equity Sponsor may direct New England Hydro to withhold the payment of a dividend to such Equity Sponsor and apply

such dividend to reduce the current or the next Support Charge payment required to be made under the New Hampshire HVDC Support Agreement by such Equity Sponsor or its appointee.

Section 14. Restrictions on Dividends, Return of Capital and Repurchase of Common Stock

Any Equity Sponsor which is in default hereunder pursuant to Section 11 is not entitled to receive any amounts from New Hampshire Hydro representing such Equity Sponsor's then Equity Share of dividends, return of capital, or proceeds from any repurchase of common stock until all amounts (including interest thereon at an annual rate equal to two percent over the current interest rate on prime commercial loans from time to time in effect at the principal office of the First National Bank of Boston) owed by such Equity Sponsor to New Hampshire Hydro have been paid.

Section 15. Certain Actions of New Hampshire Hydro

A. New Hampshire Hydro shall not take any of the following actions without prior written approval of Equity Sponsors having at that time at least 80% of the Equity Shares:

- (i) Amend New Hampshire Hydro's articles of organization or by-laws to adversely affect the rights of the Equity Sponsors as stockholders in a material manner under the Basic Agreements, unless such amendment is required by regulation or law; and
- (ii) Merge, consolidate, or sell all or substantially all of the assets of New Hampshire Hydro not otherwise permitted by the New Hampshire HVDC Support Agreement.

B. New Hampshire Hydro shall distribute in a timely manner to each Equity Sponsor copies of (a) its annual audited financial statements, (b) notices of all of its directors' and stockholders' meetings (including any committees thereof), and (c) minutes of all of its directors' and stockholders' meetings.

Section 16. Miscellaneous

A. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of the parties and shall also be binding, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any party. No assignment of this Agreement shall operate to relieve the assignor of its obligations under this Agreement without the written consent of the parties hereto. Written notice to all parties will be given prior to any assignment hereunder.

Notwithstanding the above, New Hampshire Hydro may collaterally assign this Agreement without the consent of the Equity Sponsors in connection with a third party financing by New Hampshire Hydro.

B. Right of Setoff. No Equity Sponsor shall be entitled to set off against the payments required to be made by it hereunder (1) any amounts owed to it by New Hampshire Hydro, any affiliate of New Hampshire Hydro, or any other Equity Sponsor, or (2) the amount of any claim by it against New Hampshire Hydro, any affiliate of New Hampshire Hydro, or any other Equity Sponsor. However, the foregoing shall not affect in any other way any Equity Sponsor's rights and remedies with respect to any such amounts

owed to it by New Hampshire Hydro, any affiliate of New Hampshire Hydro, or any other Equity Sponsor or any such claim by it against New England Hydro or any other Equity Sponsor.

C. Amendments. Any amendments changing the Equity Shares of the Equity Sponsors or the several nature of the obligations and rights of the Equity Sponsors hereunder as specified in Section 6, shall require consent by all parties. In the event that an Equity Sponsor is obligated to acquire Equity Shares hereunder and does not pay for such Shares, then such Shares will not be issued to him and such Equity Sponsor's Equity Share will be reduced accordingly. All other amendments to this Agreement shall be by mutual agreement of New Hampshire Hydro and Equity Sponsors owning Equity Shares aggregating at least 80%, evidenced by a written amendment signed by New Hampshire Hydro and such Equity Sponsors; and New Hampshire Hydro and all Equity Sponsors shall be bound by any such amendment.

D. Notices. Except as the parties may otherwise agree, any notice, request, bill, or other communication relating to this Agreement, or the rights, obligations or performance of the parties hereunder, shall be in writing and shall be considered as duly delivered when delivered in person or mailed by registered or certified mail, postage prepaid, to the respective post office address of the other parties shown following the signatures of such other parties hereto, or such other address as may be designated by written notice given as provided in this paragraph D.

E. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts.

F. Other.

(1) No action, regardless of form, arising out of this Agreement may be brought by any party hereto more than three years after the cause of action has arisen.

(2) In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

(3) All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, and regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation.

(4) Each party shall, upon request of another party, execute and deliver any document reasonably required to implement any provision hereof.

(5) Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.

(6) This Agreement, with the other Basic Agreements, Preliminary Quebec Interconnection Support Agreement - Phase II, the

agreements with Hydro-Quebec regarding Phase II, and the basic agreements covering Phase I shall constitute the entire understanding among the parties and shall supersede any and all previous understandings pertaining to the subject matter of this Agreement.

(7) Terms defined in the Massachusetts HVDC Support Agreement and the New England Power and Boston Edison AC Support Agreements used in this Equity Funding Agreement shall be incorporated herein as defined in such Agreements unless the context indicates otherwise.

(8) This Agreement is the act and obligation of the parties hereto in their corporate or governmental capacity, and any claim hereunder against any shareholder, director, officer, employee, or agent of any party, as such, is expressly waived.

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its

Address: XXXXXX
XXXXXX

With respect to the Equity Sponsors' commitments under Section 10 hereof, New England Power Company hereby acknowledges these commitments.

COMPANY

By: _____

ATTACHMENT A

List of Equity Sponsors

New Hampshire Hydro will supply a list of Equity Sponsors as of the date of initial computation and as of each date thereafter that the list changes.

ATTACHMENT B

Forms of the following documentation:

1. Opinion of Counsel
2. Certificate
3. Incumbency and Signature Certificate
4. Directors' Vote

[Please note - governmental entities may make appropriate modifications to these documents to reflect that they are not corporations.]

[Form of Opinion of Counsel for Each Utility Participant]

New England Hydro-Transmission
Electric Company, Inc.;
New England Hydro-Transmission
Corporation; or
New England Power Company

Gentlemen:

This opinion is furnished in connection with the execution and delivery by _____ (the Company) of the following Agreements: _____.

We have acted as counsel to the Company, one of the Utility Participants, in connection with the execution and delivery of the Basic Agreements. We participated in reviewing and/or drafting the Agreements.

As general [special] counsel to the Company, we are generally familiar with its affairs. [If special counsel is giving the opinion, describe relationship to the Company.] We have reviewed the proceedings taken by the Company in connection with its authorization, execution, and delivery of the Agreements and any documentation supplied by the Company thereunder. We have also examined executed counterparts of the Agreements, have made such other investigation, and have examined such other records and documents, and have made such examination of law and satisfied ourselves as to such other matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below.

Based upon and subject to the foregoing and to the further qualifications in this opinion, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of [the jurisdiction of its incorporation], has the corporate power to own its assets and to transact the business in which it is engaged, and is duly qualified as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

2. The Company has (and in the case of the Agreements at the time of execution and delivery thereof, had) full corporate power, and legal right to execute, deliver and perform the Agreements, and the Company has taken all necessary corporate action to authorize the execution, delivery, and performance by it of the Agreements.

3. The execution, delivery, and performance by the Company of the Agreements do not (a) contravene the Company's [charter documents] or by-laws, (b) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, or award known to us by which the Company is bound, (c) violate any indenture, instrument, or agreement known to us by which the Company is bound, or (d) result in or require the creation or the imposition of any lien pursuant to the provisions of any indenture, instrument, or agreement known to us by which the Company is bound.

4. No authorization, approval, consent, or other action by, and no notice to or filing with, any federal, state, or other governmental authority or regulatory body which has not been obtained or given and is not in full force and effect is required for the valid and lawful execution, delivery, and performance by the Company of the Agreements. [In this connection, to the extent it may be required by law, the approval of the Massachusetts Department of Public Utilities [Connecticut PUC, or other] has been given for the Agreements and the Company's performance thereunder by order(s) dated _____, which remains in full force and effect.]

5. The Agreements have each been duly executed and delivered by the Company and constitute the legal, valid, and binding obligations of the Company enforceable against it in accordance with their respective terms.

6. No action, suit, proceeding, or investigation at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened against or affecting the Company or its property or rights which, if adversely determined, would materially impair the ability of the Company to perform its obligations under the Agreements is known to us.

Our opinion that the Agreements are enforceable, each in accordance with the terms thereof, is qualified to the extent that the enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, and similar laws of general application affecting the rights and remedies of creditors and secured parties, and to the further extent that the availability of the remedies of specific enforcement, injunctive relief, or any other equitable remedy is subject to the discretion of the court before which any proceeding therefor may be brought.

Very truly yours,

CERTIFICATE

I, (insert name), the Clerk (or Secretary or other principal recording officer) of (insert name of Utility Participant), a (insert state of organization) (the "Company") do hereby certify that:

(1) Attached hereto as Exhibit A is a true and correct copy of a vote duly adopted at a meeting of the Board of

Directors of the Company, duly called and held on _____, _____, and that such vote and the authority vested thereby have not been amended or revoked and are still in full force and effect.

(2) Attached hereto as Exhibit B is a true and correct copy of the Articles of Organization (or other charter documents) of the Company, as amended and in effect as of the date of this Certificate.

(3) Attached hereto as Exhibit C is a true and correct copy of the By-Laws of the Company, as amended and in effect as of the date of this Certificate.

(4) The persons (or person) listed on Exhibit D have been duly elected to the offices set forth adjacent to their respective names since the first day of June, 1985, and the signatures adjacent to their respective names are the genuine signatures of said officers.

IN WITNESS WHEREOF, I have placed my hand and the seal of the Company this
____ day of _____, _____.

By _____

Name:

Title:

CONFIRMATION OF INCUMBENCY AND SIGNATURE OF CLERK, SECRETARY, OR OTHER PRINCIPAL RECORDING OFFICER

I, (name), (title) of the Company, do hereby certify that (name of officer executing certificate) is and at all times subsequent to

_____, _____, has been the duly elected (title) of the Company and that the signature adjacent to his (or her) name is the genuine signature of said officer.

By _____

Name:

Title:

FORM OF DIRECTORS' VOTE APPROVING AGREEMENTS

VOTED:

That in connection with this Company's participation in the Phase II expansion of the proposed interconnection between the New England Power Pool companies and Hydro-Quebec, the execution and delivery on behalf of this Company by _____, President, of the following agreements: (being collectively referred to in this vote as "Agreements") copies of which Agreements have been presented at this meeting, are hereby authorized, approved, ratified, and confirmed, and that the officers of this Company are further authorized severally to take any and all such further actions including the execution and delivery of such further documents, as such officers or any of them may deem necessary or appropriate in connection with the actions and documents authorized by this vote.

ATTACHMENT C

Subscription Process for Determining Equity Shares under Section 5(B)

After allocation of 51% of the Equity Shares to NEES pursuant to Section 5(B)(1), the Equity Shares shall be allocated to Equity sponsors other than NEES as follows:

- (a) Each other Equity Sponsor shall be entitled to a pro rata share of the remainder based on the Participating Share of such Equity Sponsor or the Participant(s) that has designated it as an Equity Sponsor as a percentage of Participating Shares of all other Equity Sponsors or such Participants as shown in the Massachusetts HVDC Support Agreement. For the purpose of this calculation, the Participating Share of each Equity Sponsor designated by VELCO shall be deemed to be a pro rata share of VELCO's Participating Share based on the ratio of such Equity Sponsor's 1980 kwh load to the aggregate 1980 kwh load of all Equity Sponsors designated by VELCO.
- (b) Upon execution of this Agreement, each other Equity Sponsor may subscribe for more or less than its share under (a) above.
- (c) Upon execution of this Agreement, each other Equity Sponsor may specify a maximum limit on its share of such remainder that would apply to any allocations made on or before June 1, 1986 or such later deadline date as is fixed pursuant to Section 2 hereof.
- (d) If there are no undersubscriptions or oversubscriptions under (b) above or if the sum of the shares under (a) or (b) above for all Equity Sponsors equals 100% of such remaining shares, then each Equity Sponsor shall have a share as determined under (a) or (b) above. (For the purposes of this attachment, oversubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of more than its share under (a) above. For the same purposes, undersubscription shall mean, with respect to any Equity Sponsor, a subscription under (b) above of less than its share under (a) above. The amount of such oversubscription shall be equal to (b) minus (a) and the amount of such undersubscription shall be equal to (a) minus (b).)
- (e) If there are undersubscriptions but not oversubscriptions or if there are oversubscriptions but no undersubscriptions, then each Equity Sponsor shall have a share as determined under (a) above; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.

- (f) If the net result of subtracting the aggregate amount of all undersubscriptions from the aggregate amount of all oversubscriptions is greater than zero, the aggregate amount of all oversubscriptions must be reduced to the aggregate amount of all undersubscriptions. This amount shall be referred to as the total permitted amount of oversubscriptions. Each oversubscriber shall initially be allocated a share of the total permitted amount of oversubscriptions (pro rata by the Participating Shares of the oversubscribers or their designators as shown in the Massachusetts HVDC Support Agreement); provided that no oversubscriber shall be allocated more than its requested amount under (b) above. Any remaining unallocated portion of the total permitted amount of oversubscriptions shall be allocated to all oversubscribers that have not yet reached their requested amount under (b) above pro rata by the differences between their requested shares under (b) above and their shares as heretofore allocated.
- (g) If the net result of subtracting the aggregate amount of all oversubscriptions from the aggregate amount of all undersubscriptions is greater than zero, the aggregate amount of all undersubscriptions must be reduced to the aggregate amount of all oversubscriptions. This amount shall be referred to as the total permitted amount of undersubscriptions. The total permitted amount of undersubscriptions shall be allocated to the undersubscribers pro rata by the amounts of their undersubscriptions; provided, however, that no Equity Sponsor shall be allocated more than its specified limit under (c) above. If the sum of all shares heretofore allocated is less than 100%, any remaining share shall be allocated to all Equity Sponsors that have received shares less than their limits under (c) above, pro rata by the difference between their limits under (c) above and their shares as heretofore allocated.
- (h) If Equity Shares are required to be changed pursuant to subpart (i) or (ii) of Section 5(a), this reallocation shall be accomplished in accordance with this Attachment G on the basis of the subscriptions initially made under (b) and the maximum limits specified under (c) by each continuing Equity Sponsor, and giving effect to the termination of any Equity Sponsor pursuant to said subpart (i) or (ii).

CONFORMED

AMENDMENT NO. 1
TO
PHASE II MASSACHUSETTS TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of May 1, 1986, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro), and the New England utilities listed in Attachment A to the Phase II Massachusetts Transmission Facilities Support Agreement, dated as of June 1, 1985 (the "Massachusetts DC Support Agreement"), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the Massachusetts DC Support Agreement are used herein with the meanings there provided.
2. Attachments A and F of the Massachusetts DC Support Agreement are hereby deleted and replaced with the Attachments A and F attached hereto.
3. This Amendment shall become binding upon New England Hydro and the Participants-when it has been executed by New England Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an

original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its

Address: XXXXXX
XXXXXX

MA-5/29/86

ATTACHMENT A

If any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of Participants and 1980 kilowatthour load will be appropriately modified.

Participant	1980 Kilowatthour Load
Fitchburg Gas and Electric Light Co.	369,055,118
The United Illuminating Company	4,715,078,120
New England Power Company (NEP)	15,444,975,840 (a), (d)
Bangor Hydro-Electric Company	1,305,625,118
Canal Electric Company	3,227,553,000
Public Service Company of New Hampshire	5,043,242,871
Central Maine Power Company	6,053,571,000
Vermont Electric Power Company	3,262,098,200
Boston Edison Company (Edison)	9,531,773,000 (c), (d)
City of Chicopee Municipal Lighting Plant	279,273,169
The Connecticut Light and Power Company	16,002,437,000
Western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0
Newport Electric Corporation	382,745,000
Montaup Electric Company	3,096,872,000 (b)
Connecticut Municipal Electric Energy Cooperative	718,177,538
Massachusetts Municipal Wholesale Electric Company (MMWEC)	483,576,000 (c), (f)
Taunton Municipal Lighting Plant	307,460,361
UNITIL Power Corp.	609,873,261 (e)
Town of Peabody Municipal Light Plant	245,010,000 (f)

Town of Holden Municipal Light Department	63,676,000 (f)
Hudson Light and Power Department	127,808,000 (f)
Town of Middleborough Gas and Electric Department	92,081,000 (f)
Town of Braintree Electric Light Department	267,289,000 (f)
Town of Hingham Municipal Lighting Plant	103,929,000 (f)
Town of Boylston Municipal Light Department	17,324,000 (f)
Town of North Attleborough Electric Department	93,816,000 (f)
Town of Wakefield Municipal Lighting Department	107,609,000 (f)
City of Westfield Gas & Electric Light Department	219,026,000 (f)
Town of Danvers Electric Department	206,806,000 (f)
Town of West Boylston Municipal Lighting Plant	43,974,000 (f)
City of Holyoke Gas & Electric Light Department	214,448,000 (f)
Town of Reading Municipal Light Department	401,795,000 (f)
Town of Concord Municipal Light Plant	0 (c), (f)
Town of Groton Electric Light Department	22,908,000 (f)
Princeton Municipal Light Department	7,130,000 (f)
Town of Shrewsbury Electric Light Department	146,303,000 (f)
Town of Sterling Municipal Electric Department	24,510,000 (f)
Town of South Hadley	99,981,000 (f)

(a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.

(b) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.

(c) (1) Concord Municipal Light Plant has elected to be a direct signatory to this Agreement. However, if it does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required, Concord will be grouped with MMWEC. (2) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, either Concord or MMWEC, whichever is appropriate, shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.

(d) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.

(e) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

(f) The amount shown for any of these municipal utilities will be added to MMWEC's amount if such municipal (i) does not receive the required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, and (ii) elects at that time to be grouped with MMWEC.

5/29/86

ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the Transmission Facilities, Equity Sponsors have provided credit support for the project in excess of their Participating Shares. This enhances New England Hydro's ability to finance the project. As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge, as calculated in connection with each debt financing is required to be paid by each Credit Enhanced Participant which has its credit enhanced for such debt financing. The status of a Participant as a Credit Enhanced Participant that receives credit enhancement or not

will be determined in connection with, and as of the date of commitment for, each debt financing, including any construction financing, in accordance with Section 1 hereof, and the Credit Enhancement Charge will be determined with respect to each such financing and will continue to be paid as long as the financing is outstanding and as long as any accrued unamortized Credit Enhancement Charges for said Participant remain outstanding.

An “investment grade” Participant is defined in this Agreement as a Participant which has outstanding junior long-term debt securities which have qualified debt ratings by two of the three major rating agencies. An “investment grade” Participant is also defined as a Participant which has a Participating Share of four-tenths of one percent (0.4%) or less and which has outstanding junior long-term debt securities having a rating from only one of the three major rating agencies with that rating being a qualified debt rating. (For these purposes, the outstanding junior long-term debt securities of a Participant shall mean (i) its outstanding long-term debentures, or (ii) if no long-term debentures are outstanding, its most junior outstanding long-term mortgage or revenue bonds, or (iii) if no long-term debentures, mortgage bonds or revenue bonds are outstanding, its most junior outstanding long-term debt.) - “Qualified debt ratings” are defined as a minimum rating-of Baa3 by Moody’s Investors Service, BBB- by Standard & Poor’s Corporation and D&P 10 by Duff & Phelps, Inc.

Any “substitute credit enhancement” shall mean, with respect to any New England Hydro debt financing, including any construction financing (i) a letter of credit from a commercial bank having capital, surplus, and undivided profits of at least \$250 million and a credit rating of “AA” or better in form and substance Satisfactory to New England Hydro or (ii) a credit support that is equivalent to (i) above which is satisfactory in form and substance to New England Hydro, or (iii) a guarantee from an Equity Sponsor which at that time the guarantee is made satisfies the requirements to be an Equity Sponsor as set forth in section 4 of the Equity Funding Agreements; provided that such enhancement is irrevocable until the final maturity of such debt financing, including any optional extensions thereof. The first time that a Participant supplies substitute credit enhancement under this Agreement or under the Phase II New Hampshire Facilities Support Agreement, the substitute credit enhancement shall also cover such Participant’s share of the debt obligations of New England Power Company and Boston Edison Company relating to their respective AC Facilities and the term of such credit enhancement shall extend for the full term of the then remaining depreciation period for the AC facilities supported under such AC Facilities Support Agreements.

The principal amount of such substitute credit enhancement shall equal that Participant’s Participating Share of the maximum amount of obligations under such New England Hydro debt financing plus, if not already provided in connection with any other debt financing of New England Hydro or New Hampshire Hydro, that Participant’s Participating Share of the maximum amount of debt obligations of New England Power Company and Boston Edison Company relating to the AC Facilities as determined by New England Power and Boston Edison, respectively.

For any substitute credit enhancement that covers that Participant’s Participating Share of the debt obligations of Boston Edison Company and New England Power Company relating to the AC Facilities, such substitute credit enhancement shall provide for direct payment to New England Power and Boston Edison, respectively, of the amounts included therein for covering such debt obligations.

The Credit Enhancement Charge (E) for each Participant that has its credit enhanced is a dollar value determined monthly for each Credit Enhanced Participant by the following formula:

$$E = \sum_{i=1}^n F_i$$

$$\text{where } F_i = \left(\frac{G}{100} \times H_i \times \frac{I_i}{100} \times 0.8 \times \frac{1}{12} \right) + J_i$$

F = the Credit Enhancement Charge for each New England Hydro debt financing that is credit enhanced for the Participant.

- i = a number from 1 to n representing each of New England Hydro debt financings.
- n = total number of such financings.
- G = the Participant's Participating Share (in percent)
- H = the maximum outstanding amount of New England Hydro debt during the month which was credit enhanced for such Participant
- I = debt premium (in percent) for the Credit Enhanced Participant as shown in the following table:

<u>Participant's Debt Rating*</u>	<u>I(%)</u>
Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
6a2	3.32
Ba1	2.82

* Debt rating shall be the lower of the two highest ratings assigned to the Participant's outstanding junior long-term debt securities by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the commitment date of such New England Hydro debt financing. If the Participant has a Participating Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for such Participant shall be that rating converted to a Moody's equivalent as measured at the commitment date of such New England Hydro debt financing.

J = an amount calculated as follows:

During the period from the Effective Date to the Date of Full Support Payment, J shall equal O and the Credit Enhancement Charge calculated during such period pursuant to the above formula shall be accrued for each Participant during such period with interest calculated at New England Hydro's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Participant shall be treated as if it represented additional investment in the Transmission Facilities relating only to such Participant. As a result J shall include monthly amounts attributable to such Participant (whether or not it continues to be a Credit Enhanced Participant after the Date of Full Support Payment and whether or not the debt being enhanced continues to be outstanding) representing amortization of such previously accrued amount (with amortization over the period that the investment in the Transmission Facilities is being amortized) plus one-twelfth of the composite percentage (as defined in Section 12 hereof) times the unamortized accrued amount plus a provision for income taxes.

CONFORMED

AMENDMENT NO.2
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of February 1, 1987, is between New England Hydro-Transmission Electric Company, Inc. (New England Hydro), and the New England utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1 dated as of May 1, 1986 (the "New Hampshire DC Support

Agreement”), and amends the New Hampshire DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings there provided.
2. Attachment D of the New Hampshire DC Support Agreement is hereby deleted and replaced with the following

Attachment D:

“ATTACHMENT D

1. “Return on Equity” shall be the return on equity on file with the FERC and in effect under the Federal Power Act. Any filing of a return on equity by New Hampshire Hydro shall be subject to Section 2 of this Attachment D or, if Section 2 is not accepted by the FERC, then any such filing shall be subject to Section 3 of this Attachment D.

2. New Hampshire Hydro shall request from the FERC a rate of return on equity determined by the applicable formula in Section 4 of this Attachment D. In February of each year following the initial filing of this Agreement with the FERC, New Hampshire Hydro shall file with the FERC a revised Exhibit 1 to this Attachment D, reflecting a new “Y” for the initial formula in Section 4, below. The value of “Y” shall be added to the fixed 1.9% value of “P”, which represents a levelized premium over the life of the project to reflect the unique risks of the project in addition to the risks encountered by a typical utility. New Hampshire Hydro shall request that the revised Exhibit 1 be made effective on February 1, of the calendar year in which the filing is made, without suspension. Each Participant agrees not to intervene in opposition to a change in “Y” filed by New Hampshire Hydro in accordance with this Section 2.

3. If Section 2 of this Attachment D is not accepted by the FERC, New Hampshire Hydro shall from time to time request from the FERC a specific rate of return on equity. Each Participant agrees not to intervene in opposition to a request for a rate of return on equity filed by New Hampshire Hydro on or before the tenth anniversary of the Date of Full Support Payment if such rate is equal to or lower than the rate that would have been determined under the applicable provision of such Section 4. Nothing in this Section 3 shall affect (i) the right of New Hampshire Hydro to request a rate of return on equity greater than that determined in accordance with such Section 4, or (ii) the right of any Participant to intervene in opposition to any such request.

4. The formula for the rate of return on equity referred to in Section 2 or Section 3 of this Attachment D, whichever is accepted by the FERC, shall be as follows:

$$R = Y + P$$

where:

R = the requested return on equity;

Y = the FERC generic return on equity in effect for filings made as of the date of the filing as set out in Exhibit 1 to this Attachment D;

P = 1.9, which represents a levelized premium to adjust the FERC generic return-for the unique risks of the project in addition to the risks encountered by a typical utility.

The following is a sample calculation of the Return on Equity as of February through April 1987:

$$R = 11.2 + 1.9 - 13.1\%$$

Application of this formula at this time thus yields an initial Return on Equity of 13.1%.

In the event that the FERC generic return on equity is no longer published for rate making purposes, then the following formula shall be used to determine “Y” in the above formula:

$$Y = A + B + C + D$$

where:

(i) A = Weighted average return on the average of three money market indicators

$$A = \frac{.25(E + F + G) + .75(H + I + J)}{3}$$

where:

E = The most recently available yield to maturity for Moody’s “A” rated Public Utility Bonds.

F = The most recently available yield for 10 year Constant Maturity Treasury Bonds.

G = The most recently released figure for the annualized increase in the United States GNP price deflator.

H = The average yield to maturity for the most recently available 36 month period for Moody’s “A” rated Public Utility Bonds⁴,

I = The average yield for 10 year Constant Maturity Treasury Bonds for the most recently available 36 month period.

J = The average of the annualized percentage increases in the United States GNP price deflator for the most recent 36 month period.

(ii) B = The average equity premium required for utility stocks over the past 20 years.

$$B = K - \frac{L + M + N}{3}$$

where:

- K = the average for the most recent 20 years of the sum of (i) the average annual yield for Moody's Electric Utility Common Stock, plus (ii) the ten year growth in dividends per share for such group of electric utilities.
- L = the average for the most recent 20 years of yields to maturity for Moody's "A" rated Utility Bonds.
- M = The average for the most recent 20 years of the yield on ten year constant maturity treasury bonds.
- N = The average for the most recent 20 years of the average annual percentage change in the United States GNP price deflator.

(iii) C = issuance _____ common equity

C = .05(A + B)

(iv) D = a dilution allowance to compensate the Equity Sponsors of New Hampshire Hydro for sale of common shares at a market price below book value

D = a percentage from 0 to 1 determined on a straight line basis where 1 represents the weighted average of the common shares of the Equity Sponsors of New Hampshire Hydro selling at 30% below book and 0 represents those shares selling at book value. Such weighted average shall be calculated by weighting the market to book ratio of each Equity Sponsor by its respective equity ownership share in New Hampshire Hydro. This percentage shall be calculated semiannually as of January 1 and July 1 of each year until the Transmission Facilities goes into commercial operation. Each calculation shall cover the period beginning as of January 1 in the year this Agreement is dated as of and ending as of the date of the calculation. Book value is the average month end book value during a calculation period, and market price is the average of each quarters high and low market price during calculation period. The calculation made as of January or July next preceding the date of commercial operation of the Transmission Facilities will be the percentage used thereafter until the end of the term of this Agreement.

Should any of the indices used in calculating the values of A and B be discontinued, or should the underlying basis for the calculations in any of these indices be modified, New Hampshire Hydro may substitute a substantially similar index for such discontinued or modified index.

Recognizing that this is a long-term contract and that money market conditions can drastically change over time, New England Hydro retains the option, if the above formulae produce for two consecutive months a number lower than the arithmetic average of the return on common equity approved within the last twelve months by regulatory COMMISSIONS having jurisdiction over rates for each of the investor owned public electric utilities as reported in the publication "Argus Utility Scope Regulatory Service - Returns Authorized" to use such average return as the Return on Equity. In the event this publication is no longer currently available, New Hampshire Hydro will use a substantially similar publication which is available.

EXHIBIT 1 TO ATTACHMENT D

In determining the Return on Equity in accordance with the formula set out in Section 4 of Attachment D, the value of “Y” shall be _____. Applying this value of “Y” in the formula and adding it to the fixed 1.9% value of “P”, which represents a levelized premium over the life of the project, yields a Return on Equity of _____%.”

3. Section 6 is hereby amended by inserting in item (ix) of the second paragraph thereof after the words “debt financing” the following:

“or any other financial arrangements”

4. Section 12 of the Hampshire DC Support Agreement is hereby amended by deleting the seventh paragraph thereof and substituting the following:

“Return on Equity’ shall be determined in accordance with Attachment D.”

5. Section 12 of the Hampshire DC Support Agreement is hereby amended by adding the following sentence to the end of the fourth paragraph thereof:

“The allowance for state and federal income taxes included in operating expenses shall include a provision for taxes on dividends received by stockholders, calculated at the then current statutory rate for corporate stockholders.”

6. This Amendment shall become binding upon New Hampshire Hydro and the Participants when it has been executed by New Hampshire Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.

7. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

AMENDMENT NO. 3
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of June 1, 1987, is between New England Hydro-Transmission Corporation (New Hampshire Hydro), and the New England utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1 dated as of May 1, 1986, and Amendment No. 2, dated as of February 1, 1987, (the "New Hampshire DC Support Agreement"), and amends the Massachusetts DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the New Hampshire DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings there provided.
2. Attachment D of the New Hampshire DC Support Agreement is hereby revised by deleting the last sentence of paragraph 2 thereof and by deleting the second and third sentences of paragraph 3 thereof.
3. This Amendment shall become binding upon New Hampshire Hydro and the Participants when it has been executed by New Hampshire Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
4. Any number of counterparts of this. Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF. the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

AMENDMENT NO. 4
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of September 1, 1987, is between New England Hydro-Transmission Electric Corporation (New Hampshire Hydro), and the New England utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended by Amendment No. 1 dated as of May 1, 1966, Amendment No. 2, dated as of February 1, 1987, and Amendment No. 3, dated as of June 1, 1987, (the “New Hampshire DC Support Agreement”), and amends the New Hampshire DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the Massachusetts DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings there provided.
2. Section 1 is hereby amended by adding the following clause to the end of the last sentence of the thirteenth paragraph thereof:

“; provided, however, that New Hampshire Hydro shall be under no obligation to so limit its equity investment in the event that, after the Date of Full Support Payment (as defined in Section 13) the term of its debt financing or other financing arrangements is less than ten years”.

3. Section 12 is hereby deleted and replaced with the following Section 12.

Section 12. Support Charge

Commencing in the month of the Date of Full Support Payment (as defined in Section 13) and in each month thereafter, each Participant shall pay in accordance with Section 13 its Participating Share of a monthly Support Charge in an amount determined in accordance with this Section 12, plus a credit enhancement charge calculated in accordance with Attachment F. The Support Charge shall be equal to New Hampshire Hydro’s total cost of service related to the Transmission Facilities for such month.

The “total cost of service related to the Transmission Facilities” for any month commencing with the month in which the Date of Full Support Payment occurs shall be the sum of (a) New Hampshire Hydro’s operating expenses for such month with respect to the Transmission Facilities, plus (b) an amount equal to one-twelfth of the composite percentage for such month times the average net rate base for the Transmission Facilities, less (c) investment earnings of the Debt Service Fund, as defined in Section 18, realized by New Hampshire Hydro, less (d) any other income received by New Hampshire Hydro resulting from costs or rate base supported by the Participants other than income received pursuant to (a), (b), or (c) above or Credit Enhancement Charges and other income allocated to Equity Sponsors elsewhere under this Agreement. If a Support Charge payment under Section 13 is to be calculated from a date other

than the first day of a month, an appropriate proration of the amount determined in (b) above shall be made for such payment only.

“Uniform System” shall mean the appropriate Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for Public Utilities and Licensees, as from time to time in effect.

New Hampshire Hydro’s “operating expenses” shall include all amounts related to the Transmission Facilities and properly chargeable to expense accounts less any applicable credits thereto. in accordance with the Uniform System, including but not limited to operation and maintenance expense such as rent on leased property and administrative and general expenses, state and Federal income and franchise taxes, property taxes, payroll taxes, any other taxes not based on income, and depreciation and/or amortization expense; it being understood that for purposes of this Agreement depreciation and/or amortization shall be at a rate sufficient to recover the investment in the Transmission Facilities (including estimated cost of removal less any salvage value which salvage value, for the purpose of calculating such depreciation or amortization, will not exceed the amount of cost of removal) over the shorter of: (i) the estimated remaining useful life of the Transmission Facilities as determined by New Hampshire Hydro or (ii) the term of New Hampshire Hydro’s debt financings or other financing arrangements related to the Transmission Facilities, adjusted for multiple maturities and repayment schedules, unless the term of such financing or other financing arrangements is less* than ten years in which case such term shall, for purposes of this subpart (ii), be deemed to be ten years from the Date of Full Support Payment; and it also being understood that rents on leased property shall include the rental of property or property rights related to the Transmission Facilities from any Participant with rent based on book value. In addition, each Participant will pay to New England Power Company and Public Service Company of New Hampshire, for the benefit of their respective customers, such Participant’s Participating Share of a monthly charges of \$268,000 and \$41,300, respectively, to compensate New England Power and Public Service Company for the lost capacity on their respective New Hampshire rights-of-way, provided however that no such charges shall be paid to New England Power or Public Service Company during such time as construction or operation is suspended on account of a defect in title for such rights-of-way. The allowance for state and Federal income taxes included in operating expenses shall reflect the normalization of timing differences and the flow through of permanent differences between book income and tax income. New Hampshire Hydro as the tax owner of the Transmission Facilities, will be entitled to the benefits and subject to the burdens of such ownership for tax purposes. The allowance for state and Federal income taxes included in operating expenses shall include a provision for taxes on dividends received by stockholders, calculated at the then current statutory rate for corporate stockholders.

The “investment in the Transmission Facilities” shall be the aggregate amount incurred at any time either before

or after commercial operation of the Transmission Facilities which relates to the Transmission Facilities and is properly chargeable to New Hampshire Hydro's utility plant accounts in accordance with the Uniform System. The investment in the Transmission Facilities shall also include operating expenses incurred prior to the month in which the Date of Full Support Payment occurs and an allowance for funds used during the period prior to the Date of Full Support Payment (AFDC) accrued on the investment in the Transmission Facilities. The AFDC rate shall be calculated pursuant to the last FERC approved AFDC formula including in construction work in progress all investment in the Transmission Facilities prior to the Date of Full Support Payment and using 14 percent as the return on equity for such calculation.

"Composite percentage" shall be computed as of the last day of each month (the "computation date").

"Composite percentage" as of a computation date shall be the sum of (i) Return on Equity then in effect multiplied by the percentage which equity investment as of such date is of the total capital as of such date; plus (ii) the average monthly effective interest rate per annum of each principal amount of indebtedness outstanding on such date for money borrowed, whether long term or short term, multiplied by the percentage which each such principal amount is of total capital as of such date. The effective interest rate shall take into account premiums, discounts, fees, and other costs that are related to the indebtedness.

"Return on Equity" shall be the return on equity on file with the FERC and in effect under The Federal Power Act.

"Equity investment" as of any date shall consist of the sum of (i) all amounts theretofore paid to New Hampshire Hydro for all capital stock theretofore issued, plus all capital contributions, less the sum of any amounts paid by New Hampshire Hydro in the form of stock retirements, repurchases or redemptions or return of capital including liquidating dividends; plus (ii) any credit balance in the capital surplus account not included in (1) and any credit balance in the earned surplus (retained earnings) account on the books of New England Hydro as of such date.

"Total capital" as of any date shall be the equity investment plus the total of all indebtedness then outstanding for money borrowed.

From the Date of Full Support Payment until the first to occur of June 30 or December 31 thereafter, the "average net rate base" for the Transmission Facilities shall be the average of the net rate base determined as of the Date of Full Support Payment and the first to occur of June 30 or December 31 thereafter. Thereafter, for subsequent months of January through June, average net rate base shall be the average of the net rate base as of the preceding December 31 and the following June 30. For other months, average net rate base shall be the average of the net rate base as of the preceding June 30 and the following December 31. The "net rate base" shall consist of (i) the investment in the Transmission Facilities, less (ii) the amount of any accumulated provision for depreciation and amortization related to

the investment in the Transmission Facilities, less (or plus) (iii) the amount of any reserve for deferred income taxes received (or paid) by New Hampshire Hydro, such deferred income taxes to include deferred income taxes due to accelerated depreciation, construction tax benefits, and any other book/tax timing differences related to the Transmission Facilities, less (iv) the amount of any unamortized investment tax credits (ITC), plus (v) such allowances related to the Transmission Facilities for materials and supplies, prepaid items and cash working capital as may from time to time be determined by New Hampshire Hydro, as reasonably necessary and in accordance with accepted utility accounting practice, plus (vi) the amounts held in the Debt Service Fund, as described in Section 18. New Hampshire Hydro shall normalize ITC over the depreciation and/or amortization period relating to the Transmission Facilities. Any allowance for cash working capital shall be limited to that not sufficiently recovered through the use of estimated billing for the current month.

[End of Section 12]

4. The New Hampshire DC Support Agreement is hereby amended by adding the following Section 21:

Section 21. Refund of Gain on Sale or Other Disposition of Transmission Facilities

In the event that any of the Transmission Facilities are sold or otherwise disposed of during the term of this Agreement, if the Net Proceeds (defined as the amount received from such sale or disposition less all costs relating to or resulting from such sale or disposition, including without limitation any income taxes relating to or resulting from such sale or disposition, any premiums and penalties incurred because of the early retirement of any indebtedness associated with the sold or disposed of Transmission Facilities, and any costs of total or partial demolition of the sold or otherwise disposed of Transmission Facilities) from such sale or disposition exceed the greater of (i) the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) or (ii) the then total capital of New Hampshire Hydro (as defined in Section 12), New Hampshire Hydro shall (a) refund to the then current Participants, in proportion to their then current Participating Shares, any such excess, and (b) credit to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition). The total capital of New Hampshire Hydro, for the purposes of this section, may exceed the investment in the entire Transmission Facilities (less any depreciation and amortization to the date of sale or disposition) due to (1) any reserve for deferred income taxes paid by New England Hydro or (2) for other reasons related to the investment in the Transmission Facilities. If the Net Proceeds do not exceed the greater of (i) or (ii) above, the Net Proceeds will be credited to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities in lieu

of payment to the Participants. The Participants agree to flow through any such refunds to their customers and shall seek any necessary regulatory approvals to reflect in their rates any such refunds and the effect of any such credits to the accumulated provision for depreciation and amortization related to the investment in the Transmission Facilities; except that to the extent that a Participant's customers' rates have not reflected all or a portion of that Participant's share of the costs of the Transmission Facilities, then that Participant agrees that a complete flow-through of such refunds may not be appropriate and that particular Participant shall seek any necessary regulatory approvals for the appropriate disposition of an appropriate portion of such refunded amounts or credits.

[End of Section 21]

5. Attachment D of the New Hampshire DC Support Agreement is hereby deleted.
6. Attachment F of the New Hampshire DC Support Agreement is hereby deleted and replaced with the following Attachment F:

ATTACHMENT F

As a result of the support arrangements for building, owning, and financing the Transmission Facilities, Equity Sponsors have provided credit support for the project in excess of their Participating Shares. This enhances New Hampshire Hydro's ability to finance the project. The status of a Participant as a Credit Enhanced Participant that receives credit enhancement or not will be determined in connection with, and as of the date of commitment for, each debt financing, including any construction financing, in accordance with Section 1 hereof, and the Credit Enhancement Charge will be determined with respect to each such financing and will continue to be paid as long as the financing is outstanding and as long as any accrued unamortized Credit Enhancement Charges for said Participant remain outstanding.

An "investment grade" Participant is defined in this Agreement as a Participant which has outstanding junior long-term debt securities which have qualified debt ratings by two of the three major rating agencies. An "investment grade" Participant is also defined as a Participant which has a Participating Share of four-tenths of one percent (0.4%) or less and which has outstanding junior long-term debt securities having a rating from only one of the three major rating agencies with that rating being a qualified debt rating. (For these purposes, the outstanding junior long-term debt securities- of a Participant shall mean (i) its outstanding long-term debentures, or (ii) if no long-term debentures are outstanding, its most junior outstanding long-term mortgage or revenue bonds, or (iii) if no long-term debentures, mortgage bonds or revenue bonds are outstanding, its most junior outstanding long-term debt.) "Qualified debt ratings" are defined as a minimum rating of Baa3 by Moody's Investors Service, BBB- by Standard & Poor's Corporation and D&P 10 by Duff & Phelps, Inc.

Any “substitute credit enhancement” shall mean, with respect to any New Hampshire Hydro debt financing, including any construction financing (i) a letter of credit from a commercial bank having capital, surplus, and undivided profits of at least \$250 million and a credit rating of “AA” or better in form and substance satisfactory to New Hampshire or (ii) a credit support that is equivalent to (i) above which is satisfactory in form and substance to New Hampshire Hydro, or (iii) a guarantee from an Equity Sponsor which at that time the guarantee is made satisfies the requirements to be an Equity Sponsor as set forth in section 4 of the Equity Funding Agreements; provided that such enhancement is irrevocable until the final maturity of such debt financing, including any optional extensions thereof. The first time that a Participant supplies substitute credit enhancement under this Agreement or under the Phase II Massachusetts Facilities Support Agreement, the substitute credit enhancement shall also cover such Participant’s share of the debt obligations of New England Power Company and Boston Edison Company relating to their respective AC Facilities and the term of such credit enhancement shall extend for the full term of the then remaining depreciation period for the AC facilities supported under such AC Facilities Support Agreements.

The principal amount of such substitute credit enhancement shall equal that Participant’s Participating Share of the maximum amount of obligations under such New Hampshire Hydro debt financing plus, if not already provided in connection with any other debt financing of New Hampshire Hydro or New England Hydro, that Participant’s Participating Share of the maximum amount of debt obligations of New England Power Company and Boston Edison Company relating to the AC Facilities as determined by New England Power and Boston Edison, respectively.

For any substitute credit enhancement that covers that Participant’s Participating Share of the debt obligations of Boston Edison Company and New England Power. Company relating to the AC Facilities, such substitute credit enhancement shall provide for direct payment to New England Power and Boston Edison, respectively. of the amounts included therein for covering such debt obligations.

As compensation to Equity Sponsors for providing this additional credit support, a Credit Enhancement Charge, as calculated in connection with each debt financing is required to be paid by the Participants. If a Participant is a Credit Enhanced Participant by reason of below-investment grade, withdrawn or suspended debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Participant will be paid by all Participants with each Participant paying its Participating Share thereof; provided, however, that if a Participant is a Credit Enhanced Participant due to lack of debt ratings, the Credit Enhancement Charge attributed to that Credit Enhanced Participant shall be paid by such Participant.

$$E = \sum_{i=1}^n F_i$$

$$\text{where } F_i = \left(\frac{G}{100} \times H_i \times \frac{I_i}{100} \times 0.8 \times \frac{1}{12} \right) + J_i$$

The Credit Enhancement Charge (E)

attributed to a Credit Enhanced Participant is a dollar value determined monthly for each Credit Enhanced Participant by the following formula:

F = the Credit Enhancement Change for each New England Hydro debt financing that is credit enhanced for the Participant.

I = a number from 1 to n representing each of New England Hydro debt financings.

n = total number of such financings.

G = the Participant's Participating Share (in percent)

H = the maximum outstanding amount of New Hampshire Hydro debt during the month which was credit enhanced for such Participant

I = debt premium (in percent) for the Credit Enhanced. Participant as shown in the following table:

<u>Participant's Debt Rating*</u>	<u>I(%)</u>
Below B3 or not rated	7.57
B3	5.32
B2	4.82
B1	4.32
Ba3	3.82
6a2	3.32
Ba1	2.82

* Debt rating shall be the lower of the two highest ratings assigned to the Participant's outstanding junior long-term debt securities by Moody's, Standard and Poor's, and Duff & Phelps, converted to a Moody's equivalent as measured at the commitment date of such New Hampshire Hydro debt financing. If the Participant has a Participating Share of four tenths of one percent (0.4%) or less and has only one debt rating, then the debt rating for such Participant shall be that rating converted to a Moody's equivalent as measured at the commitment date of such New Hampshire Hydro debt financing.

J + an amount calculated as follows:

During the period from the Effective Date to the Date of Full Support Payment, J shall equal 0 and the Credit Enhancement

Charge calculated during such period pursuant to the above formula shall be accrued for each Participant during such period with interest calculated at New Hampshire Hydro's AFDC rate. After the Date of Full Support Payment, such previously accrued amount for such Participant shall be treated as if it represented additional investment in the Transmission Facilities relating only to such Participant. As a result J shall include monthly amounts attributable to such Participant (whether or not it continues to be a Credit Enhanced Participant after the Date of Full Support Payment and whether or not the debt being enhanced continues to be outstanding) representing amortization of such previously accrued amount (with amortization over the period that the investment in the Transmission Facilities is being amortized) plus one-twelfth of the composite percentage (as defined in Section 12 hereof) times the unamortized accrued amount plus a provision for income taxes.

[End of Attachment F]

7. This Amendment shall become binding upon New Hampshire Hydro and the Participants when it has been executed by New Hampshire Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
8. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

CONFORMED'

AMENDMENT NO. 5
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of October 1, 1987, is between New England Hydro-Transmission Corporation (New Hampshire Hydro), and the New England utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support

Agreement, dated as of June 1, 1985, as amended by Amendment No. 1, dated as of May 1, 1986, Amendment No. 2, dated as of February 1, 1987, Amendment No. 3, dated as of June 1, 1987, and Amendment No. 4, dated as of September 1, 1987, (the “New Hampshire DC Support Agreement”), and amends the New Hampshire DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the New Hampshire DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings there provided.
2. Section 12 is hereby amended by deleting the first sentence of the fourth paragraph thereof and replacing it with the following sentence:

New Hampshire Hydro’s “operating expenses” shall include all amounts related to the Transmission Facilities and properly chargeable to expense accounts less any applicable credits thereto, in accordance with the Uniform System, including but not limited to operation and maintenance expense such as rent on leased property and administrative and general expenses, state and Federal income and franchise taxes, property taxes, payroll taxes, any other taxes not based on income, and depreciation and/or amortization expense; it being understood that unless the FERC, upon application by New Hampshire Hydro, authorizes a shorter depreciation and/or amortization period, for purposes of this Agreement depreciation and/or amortization shall be at a rate sufficient to recover the investment in the Transmission Facilities (including estimated cost of removal less any salvage value which salvage value, for the purpose of calculating such depreciation and/or amortization, will not exceed the amount of cost of removal) over the greater of: (i) ten years from the Date of Full Support Payment or (ii) the term of New Hampshire Hydro’s permanent debt financings or other permanent financing arrangements related to the Transmission Facilities, adjusted for multiple maturities and repayment schedules; and it also being understood that rents on leased property shall include the rental of property or property rights related to the Transmission Facilities from any Participant with rent based on book value.

3. This Amendment shall become binding upon New Hampshire Hydro and the Participants when it has been executed by New Hampshire Hydro and Participants owning Participating Shares aggregating at least 66-2/3%.
4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or

agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXX

CONFORMED

AMENDMENT NO. 6
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of August 1, 1988, is between New England Hydro—Transmission Corporation (New Hampshire Hydro), and the New Hampshire utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended (the “New Hampshire DC Support Agreement”), and amends the New Hampshire DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provision of Section 20H of the New Hampshire DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings therein provided.
2. Section 1 is hereby amended by deleting the first sentence of the fifteenth paragraph thereof.
3. Section 2 is hereby amended by (i) changing each reference to a “June 1, 1986” deadline to “September 15, 1988” and (ii) changing each reference to a “March 1, 1986” deadline to “September 1, 1988.”
4. Section 2 is hereby amended further by deleting, in the last paragraph thereof, the words “Section 2” and inserting in lieu thereof “Agreement.”
5. Section 4A is hereby amended by deleting the third sentence of the second paragraph thereof and inserting in lieu thereof the following:

“The initial computation of Participating Shares shall be made on the basis that each signatory to this Agreement as shown in Attachment A is a Participant. After such initial computation and before the

Effective Date, each Participant shall be entitled to transfer any or all of its Participating Share to one or more other Participants. On or before September 1, 1988, any Participant listed in Attachment A who has transferred, or intends to transfer, any or all of its Participating Share to one or more other Participants listed in Attachment A must provide documentation to New Hampshire Hydro covering the transfer. The initial computation is to be recomputed on and as of the Effective Date on the basis that each signatory to this Agreement which has provided timely documentation of its participation or transfer is a Participant. Any such transfers of Participating Shares will be taken into account after such recomputation. Any such transfer of Participating Shares hereunder shall have no effect on the interests, rights, or obligations of participants in Phase I. Subsequent computations are to be made thereafter as of the first day of each month in which an interest is modified or terminated pursuant to any provision hereof.”

6. Section 4B is hereby amended by deleting, in the first sentence thereof, the word “date”.
7. Section 12 is hereby amended by inserting into the second sentence of the fourth paragraph thereof following the words “In addition, each Participant will pay to” the following:

“New Hampshire Hydro, and New Hampshire Hydro will pay to”
8. Section 14 is hereby amended by adding the following clause to the end of the first sentence thereof:

“; provided, however, that nothing in this Section 14 shall (a) prevent a Participant from transferring its interests and obligations hereunder to another Participant prior to the Effective Date, or (b) impose any continuing liabilities or obligations on said transferring Participant with respect to this Agreement incurred or relating to the period of time after said transferring Participant’s Participating Share has been reduced to zero.”
9. Section 20F is hereby amended by inserting into the second sentence thereof following the words “the Transmission Facilities,” the following:

and (iv) for a transfer of any or all of a Participant’s Participating Share prior to the Effective Date as provided in Section 4A hereof,”
10. The first attached Schedule I is hereby deleted and replaced with the second attached Schedule I.
11. Schedule II to the Agreement is hereby deleted and replaced with the attached Schedule II.
12. Attachment A to the Agreement is hereby deleted and replaced with the attached Attachment A.
- 13 Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or

agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXXXX

Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

City of Burlington Electric Department
Central Vermont Public Service Corporation
Citizens Utilities Company
Village of Enosburg Falls Water & Light Department
Franklin Electric Light Company
Green Mountain Power Corporation
Village of Hardwick Electric Department
Village of Ludlow Electric Light Department
Village of Lyndonville Electric Department
Village of Morrisville Water & Light Department
Village of Northfield Electric Department
Village of Stowe Water and Light Department
Village of Swanton
Electric Generation & Transmission .Coop., Inc.
Vermont Marble Company
Washington Electric Cooperative, Inc.

[DELETED]

Schedule I

Vermont Electric Power Company, Inc.
Contracting Electric Systems

Central Vermont Public Service Corporation
Citizens Utilities Company
Franklin Electric Light Company, Inc.
Green Mountain Power Corporation

[INSERTED]

Schedule II

Massachusetts Municipal Wholesale Electric Company
Contracting Electric Systems

Massachusetts Systems

Town of Ashburnham Municipal Light Plant
Town of Georgetown Municipal Light Department
Town of Hull Municipal Lighting Plant
Town of Littleton Electric Light Department
Town of Mansfield. Municipal Electric Department
Town of Marblehead Municipal Light Department
Town of Middleton Municipal Electric Department
Town of Paxton Municipal Light Department
Town of Templeton Municipal Lighting Plant

Rhode Island System

Pascoag Fire District

ATTACHMENT A

Except as provided below, if any participant does not receive required consents, waivers, regulatory approvals, or other actions of governmental authorities within the time period required by this Agreement, the listing of participants and 1980 kilowatthour load will be appropriately modified.

Participant	1980 Kilowatthour Load
The Connecticut. Light and Power Company	16,002,437,000
western Massachusetts Electric Company	3,252,432,000
Holyoke Water Power Company	106,905,000
Holyoke Power and Electric Company	0
New. England Power Company	15,444,975,840 (a), (b)
Boston Edison Company (Edison)	9,531,773,000 (b), (c)
Central Maine Power Company	6,053,571,000
Public Service Company of New Hampshire	5,043,242,871 (d)
The United Illuminating Company	4,715,078,120
Vermont Electric Power Company	3,262,098,200
Canal Electric Company	3,227,553,000
Montaup Electric Company	3,096,872,000 (e)
Bangor Hydro-Electric Company	1,305,625,118
Connecticut Municipal Electric Energy Cooperative	718,177,538
UNITIL Power Corp.	609,873,261 (f)
Massachusetts Municipal Wholesale Electric Company	470,025,000
Town of Reading Municipal Light Department	401,795,000
Newport Electric Corporation	382,745,000
Fitchburg Gas and Electric Light Co.	369,055,118
Taunton Municipal Lighting Plant	307,460,361
City of Chicopee Municipal Lighting Plant	279,273,169

Town of Braintree Electric Light Department	267,289,000
City of Peabody Municipal Light Plant	245,010,000
City of Westfield Gas & Electric Light Department	219,026,000
City of Holyoke Gas & Electric Light Department	214,448,000
Town of Danvers Electric Department	206,806,000
Town of Shrewsbury Electric Light Department	146,303,000
Hudson Light and Power Department	127,808,000
Town of Wakefield Municipal Lighting Department	107,609,000
Town of Hingham Municipal Lighting	103,929,000
Town of South Hadley Electric Light Department	99,981,000
Town of North Attleborough Electric Department	93,816,000
Town of Middleborough Gas and Electric Department	92,081,000
Town of Holden Municipal Light Department	63,676,000
Town of West Boylston Municipal Lighting Department	43,974,000
Town of Sterling Municipal Electric Department	24,510,000
Town of Groton Electric Light Department	22,908,000
Town of Boylston Municipal Light Department	17,324,000
Town of Rowley Municipal Light Department	13,551,000
Princeton Municipal Light Department	7,130,000
Town of Concord Municipal Light Plant	0 (c)
	<hr/>
	76,698,146,596

- (a) Includes New Hampshire retail 1980 kilowatthour load of 434,290,243.
- (b) The 1980 Kilowatthour loads shown for Boston Edison Company and New England Power Company have been adjusted to reflect the current status of Norwood as a full requirements customer of New England Power Company.
- (c) As of June 1, 1985, Concord continues to be a full requirements customer of Edison. At such time as Concord ceases to be a full requirements customer of Edison, for purposes of this Agreement, Concord shall have an additional Participating Share equal to 1.087% of Edison's initial Participating Share (based on a 1980 Kwh load of 103,629,000 Kwh for Concord) and Edison's Participating Share shall be reduced by such amount.
- (d) Includes New. Hampshire retail 1980 kilowatthour load of 4,939,218,744.
- (e) The amount shown for Montaup Electric Company includes the load of the other members of the Eastern Utilities Associates system.
- (s) The amount shown for UNITIL Power Corp. represents the 1980 kilowatthour load of its affiliates, Concord Electric Company and Exeter & Hampton Electric Company.

AMENDMENT NO. 7
TO
PHASE II NEW HAMPSHIRE TRANSMISSION
FACILITIES SUPPORT AGREEMENT

This Amendment, dated as of January 1, 1989, is between New England Hydro-Transmission Corporation (New Hampshire

Hydro), and the New England utilities listed in Attachment A to the Phase II New Hampshire Transmission Facilities Support Agreement, dated as of June 1, 1985, as amended (the “New Hampshire DC Support Agreement”), and amends the New Hampshire DC Support Agreement as hereinafter provided.

In consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the provisions of Section 20H of the New Hampshire DC Support Agreement, it is hereby agreed as follows:

1. Certain terms defined in the New Hampshire DC Support Agreement are used herein with the meanings therein provided.
2. Section 2 is hereby amended by inserting the following at the end of the second sentence of paragraph seven thereof:

“, or except with the approval of New England Hydro and New Hampshire Hydro, as required in connection with any financing by MMWEC, the proceeds of which are to be applied exclusively by MMWEC to meet its obligations under Phase II, provided that such grant by MMWEC to its third party lenders shall be on a pari passu basis with the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company, and provided further that MMWEC shall have its third party lenders execute and deliver intercreditor agreements acceptable to the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company providing an appropriate allocation between MMWEC’s third party lenders and the Lenders, New England Hydro, New Hampshire Hydro, New England Power Company and Boston Edison Company of payments made under MMWEC’s contract with its systems and including appropriate notice provisions.”

Section 12 is hereby amended by inserting in the fourth paragraph thereof after the first sentence the following:

“‘Operating expenses’ shall also include all support -charges incurred by New Hampshire Hydro pursuant to Section 8 of the Phase II Maine Electric Power SVC Facilities Support Agreement between New Hampshire Hydro and Maine Electric Power Company, dated as of October 1, 1988 (SVC Agreement).”

Section 15C is hereby amended by inserting after the first sentence thereof the following:

“In addition, such Participant’s payment required by the preceding sentence shall be increased by an amount equal to its Participating Share of the ‘amounts’ determined in the first and second sentences of Section 11B of the SVC Agreement.”

Section 16 is hereby amended by inserting in the second sentence of the second paragraph thereof, after the words “notified, equal to”, the following:

“its Participating Share of the ‘amounts’ determined in the second and third sentences of the second paragraph of Section 12 of the SVC Agreement plus”

Section 16 is hereby further amended by inserting in the first sentence of the third paragraph thereof, after the words “sell the Transmission Facilities”; the following:

“(including New Hampshire Hydro’s rights to Transmission Facilities in Vermont and the SVC Facilities in Maine)”

Section 20D is hereby amended by inserting the following at the end of such section:

“For the purpose of this subsection, the Transmission Facilities shall include the SVC Facilities as defined in the SVC Agreement.”

3. This amendment shall become effective on the last to occur of (i) the acceptance of this amendment by the Federal Energy Regulatory Commission, and (ii) the effective date of the SVC Agreement.
4. Any number of counterparts of this Amendment may be executed, and each shall have the same force and effect as an original instrument and as if all the parties to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, the signatories have caused this Amendment to be executed by their duly authorized officers or agents.

COMPANY

By: _____
Its President

Address: XXXXXXXXXXXX
XXXXXXXXXXXX

PURCHASE AND SALE AGREEMENT

between

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
as Seller

and

GRANITE SHORE POWER LLC
as Buyer

Dated as of October 11, 2017

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this “**Agreement**”), dated and effective as of October 11, 2017 (the “**Effective Date**”), is entered into by and between Granite Shore Power LLC, a Delaware limited liability company (“**Buyer**”), and Public Service Company of New Hampshire, a New Hampshire corporation (“**Seller**”). Buyer and Seller are each referred to in this Agreement as a “**Party**” and collectively as the “**Parties**.”

RECITALS:

WHEREAS, Seller owns the electric generating facilities described in Schedule 1 hereto (collectively, the “**Facilities**”);

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, Seller desires to sell and assign to Buyer, and Buyer desires to purchase and assume from Seller certain assets and liabilities respecting the Facilities, all as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. As used in this Agreement, the following capitalized terms have the meanings set forth below:

“**Accrued Pension Benefit**” has the meaning set forth in Section 5.8(e)(i)(C).

“**Acquired Assets**” has the meaning set forth in Section 2.1.

“**Actual Prorated Amount**” has the meaning set forth in Section 2.7(c).

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or other ownership interests, by Contract or otherwise.

“**Affected Employees**” means employees of Seller or Eversource Service whose primary employment duties include support of the Facilities and whose employment is terminated or significantly negatively affected as a direct result of the transactions contemplated hereby.

“**Agreement**” has the meaning set forth in the preamble.

“**Asset Demarcation Agreement**” has the meaning set forth in Section 2.10(e).

“**Assigned Contracts**” has the meaning set forth in Section 2.1(e).

“**Assigned Intellectual Property**” has the meaning set forth in Section 2.1(g).

“**Assigned Leases**” has the meaning set forth in Section 2.1(b).

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 2.10(d).

“**Assignment and Assumption of Lease**” has the meaning set forth in Section 2.10(b).

“**Assumed Liabilities**” has the meaning set forth in Section 2.3.

“**Base Purchase Price**” has the meaning set forth in Section 2.5.

“**Bill of Sale**” has the meaning set forth in Section 2.10(c).

“**Business**” means the ownership, construction and operation of a portfolio of thermal electric generation assets and related facilities listed on Schedule 1 together with fuel inventories, and including the generation, sale, transmission and delivery of electric

energy, capacity, ancillary services and Environmental Attributes from the generation assets to the relevant interconnection point with the high voltage transmission system operated by ISO-NE or, in the case of Lost Nation, with the distribution system operated by Seller.

“Business Day” means any day other than a Saturday, Sunday or day on which banks are legally closed for business in Manchester, New Hampshire or New York, New York.

“Buyer” has the meaning set forth in the preamble.

“Buyer Fundamental Warranties” means the representations and warranties of Buyer set forth in Section 4.1 (Organization and Existence), Section 4.2 (Authority and Enforceability) and Section 4.6 (Brokers).

“Buyer Indemnified Parties” has the meaning set forth in Section 7.2.

“Buyer Pension Benefit” has the meaning set forth in Section 5.8(e)(i)(E).

“Buyer Required Consents” has the meaning set forth in Section 4.3(c).

“Buyer Subsidiary” has the meaning set forth in Section 9.6.

“Buyer’s Observers” has the meaning set forth in Section 5.4(b).

“Buyer’s Contributory Plan” has the meaning set forth in Section 5.8(e)(ii)(A).

“Buyer’s Retirement Benefit” has the meaning set forth in Section 5.8(e)(i)(E).

“Buyer’s Retirement Plan” has the meaning set forth in Section 5.8(e)(i)(A).

“CAMS” means ISO-NE’s Customer and Asset Management System.

“Capacity Supply Obligation” is an obligation to provide capacity from a resource, or a portion thereof, to satisfy a portion of the Installed Capacity Requirement that is acquired through a Forward Capacity Auction in accordance with Section III.13.2 of the ISO-NE Tariff, a reconfiguration auction in accordance with Section III.13.4 of the ISO-NE Tariff, or a Capacity Supply Obligation Bilateral in accordance with Section III.13.5.1 of Market Rule 1 of the ISO-NE Tariff. For avoidance of doubt, capitalized terms used in this definition but not defined in this Agreement have the meaning given them in the ISO-NE Tariff.

“Cash” means cash and cash equivalents (including marketable securities and short-term investments) calculated in accordance with GAAP.

“Casualty Loss” has the meaning set forth in Section 5.16.

“CBA MOA” means that certain Memorandum of Agreement Clarifying Certain Employee Protections Following a Divestiture by PSNH of its Generating Assets, dated September 7, 2017, between Seller and the Union.

“CBA Term” means June 1, 2017 through the later of May 31, 2020 or two years after the Closing Date.

“Claim” means any claim, demand, complaint, action, legal proceeding (whether at law or in equity), summons, citation, notice of violation, arbitration, investigation, audit or suit commenced, brought, received from, conducted or heard by or before any Governmental Authority, arbitrator, or Third Party.

“Closing” has the meaning set forth in Section 2.9.

“Closing Date” has the meaning set forth in Section 2.9.

“Closing Purchase Price” has the meaning set forth in Section 2.5.

“Closing Statement” has the meaning set forth in Section 2.6(c)(i).

“Code” means the Internal Revenue Code of 1986.

“Combined Minimum Pension Benefit” has the meaning set forth in Section 5.8(e)(i)(B).

“Confidentiality Agreements” means those certain Confidentiality Agreements between Seller and Atlas FRM LLC d/b/a

Atlas Holdings LLC, dated as of March 20, 2017 and Seller and Castleton Commodities International LLC, dated as of March 31, 2017.

“Consent” means any consent, authorization, approval, release, waiver, estoppel certificate or any similar agreement or approval of or by, or registration, notice, declaration or filing to or with, the applicable Governmental Authority or other Person, including any certificate, license, permit, Order or other action issued or taken by a Governmental Authority.

“Contract” means any legally binding contract, lease, mortgage, license, instrument, note or other evidence of indebtedness, purchase order, commitment, undertaking, indenture or other agreement.

“Counterparty” has the meaning set forth in Section 5.3(a).

“Data Site” means the “Project PurpleFinch” electronic data site established and maintained by Seller with IntraLinks, Inc. as it exists at 4 p.m. ET on October 6, 2017 and for which Buyer has been given access to the contents.

“Deed” has the meaning set forth in Section 2.10(a).

“Dig Activities” means (i) any investigation (including any drilling, sampling, testing or monitoring of any air, soil, soil gas, surface water, groundwater, sediments, building materials or other environmental media), monitoring, correction, removal or Remediation or other similar activity conducted by or on behalf of Buyer or any of its Affiliates (or any of their respective successors or assigns) on or after the Closing Date that is not required by applicable Environmental Law, Environmental Permits or pursuant to an express Order or directive of any Governmental Authority with jurisdiction (other than any such Order or directive that is issued at the request of or otherwise solicited by or on behalf of Buyer or any of its Affiliates (or any of their respective successors or assigns)); or (ii) any change by or on behalf of Buyer or any of its Affiliates (or any of their respective successors or assigns) to the operation and use of any of the Acquired Assets on or after the Closing Date not required by applicable Environmental Law, Environmental Permits or pursuant to an express Order or directive of any Governmental Authority with jurisdiction (other than any such Order or directive that is issued at the request of or otherwise solicited by or on behalf of Buyer or any of its Affiliates (or any of their respective successors or assigns)) compared to the operation and use of such Acquired Assets as operated and used by Seller in the twelve (12) months prior to the Closing Date (including the decommissioning, dismantling or removal of any Facility by or on behalf of Buyer or any of its Affiliates (or any of their respective successors or assigns)). Any of the foregoing activities engaged in as a result of a force majeure event shall not be “Dig Activities.”

“Direct Claim” has the meaning set forth in Section 7.5(c).

“Easements” means easements to be granted by Seller to Buyer to implement the Easement Plans.

“Easement Plans” means the plans to be agreed to by the Parties for purposes of implementing the transactions contemplated by this Agreement and the Related Agreements, including the Demarcation Agreement.

“Effective Date” has the meaning set forth in the preamble.

“Employee Benefit Plan” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA), whether or not subject to ERISA, and any other employee benefit plan, program, policy or Contract, including any employment, pension, retirement, profit-sharing, thrift, savings, bonus plan, incentive, stock bonus, stock purchase, stock option or other equity or equity-based compensation, or retention, change in control, severance, deferred compensation, welfare benefit or fringe benefit plan, policy, program, agreement or arrangement.

“Environment” means soil, land surface or subsurface strata, real property, surface waters, groundwater, wetlands, sediments, plant or animal life, drinking water supply, ambient air (including indoor air) and any other environmental medium or natural resource.

“Environmental Attributes” means any emissions and renewable energy credits, energy conservation credits, benefits, offsets and allowances, emission reduction credits or items of similar import or regulatory effect (including emissions reduction credits or allowances under all applicable emission trading, compliance or budget programs, or any other federal, state or regional emission, renewable energy or energy conservation trading or budget program) that are attributable to the operation of the Facilities.

“Environmental Claim” means any Claim by any Person alleging Liability of whatever kind or nature (including with respect to loss of life, injury to persons, property or business, damage to natural resources or trespass to property, whether or not such loss, injury, damage or trespass arose or was made manifest before the Closing Date or arises or becomes manifest on or after the Closing Date) arising out of, resulting from or in connection with: (a) the presence, Release of, or exposure to, any Hazardous Substances or (b) any actual or alleged violation or non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Laws” means all applicable Laws, Orders and any binding administrative or judicial interpretations thereof

(including any binding agreement with any Governmental Authority) relating to: (a) pollution (or the cleanup thereof); (b) the regulation, protection and use of the Environment; (c) the protection, conservation, management, development, control and/or use of land, natural resources and wildlife (including endangered and threatened species); (d) the protection of human health or safety; (e) the management, manufacture, possession, presence, processing, use, generation, transportation, treatment, containment, storage, disposal, recycling, reclamation, Release, threatened Release, abatement, removal, remediation, or handling of, or exposure to, any Hazardous Substances; or (f) noise; and includes, without limitation, the following federal statutes (and their implementing regulations): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.); the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments Act of 1984 (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977 (33 U.S.C. § 1251 et seq.); the Toxic Substances Control Act of 1976, as amended (15 U.S.C. § 2601 et seq.); the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. § 11001 et seq.); the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990 (42 U.S.C. § 7401 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. § 136 et seq.); the Coastal Zone Management Act of 1972, as amended (16 U.S.C. § 1451 et seq.); the Oil Pollution Act of 1990, as amended (33 U.S.C. § 2701 et seq.); the Rivers and Harbors Act of 1899, as amended (33 U.S.C. § 401 et seq.); the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 5101 et seq.); the Endangered Species Act of 1973, as amended (16 U.S.C. § 1531 et seq.); the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. § 651 et seq.); and the Safe Drinking Water Act of 1974, as amended (42 U.S.C. § 300f et seq.); and all analogous or comparable statutes and regulations of any Governmental Authority.

“Environmental Liabilities” means any Liabilities of whatever kind or nature (including without limitation any natural resources damages, property damages, personal injury damages, losses, Claims, judgments, amounts paid in settlement, fines, penalties, fees, expenses and costs, including Remediation costs, engineering costs, environmental consultant fees, laboratory fees, permitting fees, investigation costs, defense costs, costs of enforcement proceedings, costs of indemnification and contribution, costs of medical monitoring, and attorneys’ fees and expenses) arising out of, resulting from or in connection with (a) any violation or alleged violation of Environmental Laws or Environmental Permits, with respect to the ownership, operation or use of the Acquired Assets; (b) any Environmental Claims caused or allegedly caused by the presence, Release of, or exposure to Hazardous Substances at, on, in, under, adjacent to or migrating from the Acquired Assets; (c) the investigation and/or Remediation (whether or not such investigation or Remediation commenced before the Closing Date or commences on or after the Closing Date) of Hazardous Substances that are present or have been Released at, on, in, under, adjacent to or migrating from the Acquired Assets; (d) compliance with Environmental Laws or Environmental Permits with respect to the ownership, operation or use of the Acquired Assets; (e) any Environmental Claim arising from or relating to the off-site disposal, treatment, storage, transportation, discharge, Release or recycling, or the arrangement for such activities, of Hazardous Substances in connection with the ownership or operation of the Acquired Assets; and (f) the investigation and/or Remediation of Hazardous Substances that are generated, disposed, treated, stored, transported, discharged, Released, recycled, or the arrangement of such activities in connection with the ownership or operation of the Acquired Assets, at any Offsite Disposal Facility.

“Environmental Permits” means those Permits required for the ownership or operation of any Acquired Asset or the Business under Environmental Laws.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Escrow Agreement” has the meaning set forth in Section 2.6(a)(iii)(B).

“Estimated Closing Statement” has the meaning set forth in Section 2.6(b).

“Estimated Prorated Amount” has the meaning set forth in Section 2.7(b).

“Estimated Proration Adjustment Amount” has the meaning set forth in Section 2.7(b).

“Estimated Purchase Price Adjustment” has the meaning set forth in Section 2.6(b).

“Eversource” means Eversource Energy, a Massachusetts voluntary association and the parent company of Seller, formerly known as Northeast Utilities.

“Eversource Service” means Eversource Energy Service Company, a Connecticut corporation and an Affiliate of Seller, formerly known as Northeast Utilities Service Company.

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Environmental Liabilities” has the meaning set forth in Section 2.4(i).

“Excluded Environmental Liability Termination Date” means, (i) with respect to those Excluded Environmental Liabilities described in Section 2.4(i)(A) and Section 2.4(i)(B)(I), the seventh (7th) anniversary of the Closing Date, and (ii) with respect to those Excluded Environmental Liabilities described in Section 2.4(i)(B)(II), the seventh (7th) anniversary of the Schiller Boiler Removal Completion Date.

“Excluded Liabilities” has the meaning set forth in Section 2.4.

“Facilities” has the meaning set forth in the recitals. For avoidance of doubt, any individual Facility referred to herein by the name set forth in Schedule 1 shall mean such Facility, as described in Schedule 1.

“FERC” means the Federal Energy Regulatory Commission.

“Final Purchase Price Adjustment” has the meaning set forth in Section 2.6(c)(iii).

“GAAP” means United States generally accepted accounting principles in effect from time to time, as applied by Seller.

“GADS” means the Generating Availability Data System operated by NERC.

“GADS Event” means an outage or derating reportable to GADS affecting any unit at any Facility, the effect of which is that such Facility’s applicable Capacity Supply Obligation as listed in Schedule 3.21(a) exceeds the amount of capacity reported as available in GADS by the lesser of 5 megawatts or 10 percent of the Facility’s Capacity Supply Obligation as listed in Schedule 3.21(a).

“Generation CBA” means the Generation Group Contract, IBEW Local 1837, between Seller and the Union, made and entered into as of June 1, 2013, as amended by (i) that Addendum, dated June 1, 2017 and ratified on June 9, 2017, that modified wages and certain benefits including the Disability Plan, Vacation and Holiday Schedules, (ii) that Memorandum of Agreement Extending Current CBA Upon Divestiture by PSNH of any Generating Asset dated May 20, 2015 (including the Memorandum of Understanding attached as Exhibit A thereto and the Enhanced Bidding Rights Agreement attached as Exhibit B thereto), (iii) that Amendment to Memorandum of Agreement Extending Current CBA Upon Divestiture by PSNH of any Generating Asset dated November 14, 2016, (iv) the CBA MOA; and (v) as further amended by that Memorandum of Understanding regarding “Policies” between IBEW Locals 455, 457, 420 & 1837 and Northeast Utilities, that January 20, 1994 Agreement regarding Schiller 12 hour shifts signed April 18, 1995, that September 8, 2015 Memorandum of Understanding Regarding Day Worker Path to Operator Maintenance as amended by an Agreement dated January 21, 2016, that Memorandum of Understanding regarding Global Positioning System signed October 26, 2015, that August 5, 2016 Agreement regarding Holiday in lieu of practice, that April 26, 2016 Agreement regarding Generation positions retention, that July 29, 1998 Agreement regarding the 12 Hour Shift Policy at Newington; the August 25, 1999 Schiller Stations Operations Agreement, and that April 21, 1997 Settlement Agreement as amended by the June 15, 2009 Amendment to that Settlement Agreement regarding working foremen at Schiller Station.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric power generation industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include acceptable practices, methods or acts generally accepted in the region, or required by the NHPUC, including but not limited to compliance with the standards established by the National Electrical Safety Code and ISO-NE.

“Governmental Authority” means any federal, state, local, municipal or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction, including, without limitation, FERC, NERC, ISO-NE and Northeast Power Coordinating Council, Inc., but excluding Buyer and any subsequent owner of any of the Acquired Assets (if otherwise a Governmental Authority under this definition).

“Guaranties” means each Guaranty delivered to Seller on the Effective Date by Atlas Capital Resources II LP and Castleton Commodities International LLC.

“Handling” means any manner of manufacturing, using, generating, accumulating, storing, treating, disposing of, recycling, processing, distributing, handling, labeling, producing, releasing, or transporting, as any such terms may be defined in any Environmental Law, of Hazardous Substances.

“Hazardous Substance” means (a) any petrochemical or petroleum product, oil, waste oil, coal ash, radioactive materials,

radon, asbestos in any form, urea formaldehyde foam insulation, lead-containing materials and polychlorinated biphenyls; (b) any products, mixtures, compounds, materials or wastes, air emissions, toxic substances, wastewater discharges and any chemical, material or substance that may give rise to Liability pursuant to, or is listed or regulated under, or the human exposure to which or the Release of which is controlled or limited by applicable Environmental Laws; and (c) any materials or substances defined in Environmental Laws as “hazardous”, “toxic”, “pollutant” or “contaminant”, or words of similar meaning or regulatory effect.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“**Hydro Business**” means the ownership, construction and operation of the portfolio of hydroelectric generation assets and related facilities owned by Seller on the Effective Date, together with storage reservoirs, including generating, selling, transmitting and delivering electric energy, capacity, ancillary services and Environmental Attributes from the generation assets to the relevant interconnection point with the high voltage transmission system operated by ISO-NE.

“**Improvements**” means all buildings, structures (including all fuel handling and storage facilities), machinery and equipment, fixtures, construction in progress, including all piping, cables and similar equipment forming part of the mechanical, electrical, plumbing or HVAC infrastructure of any building, structure or equipment, and including all generating units, located on and affixed to the Sites other than the Seller Marks.

“**Indemnified Party**” has the meaning set forth in Section 7.4.

“**Indemnifying Party**” has the meaning set forth in Section 7.4.

“**Independent Accountant**” means a nationally recognized independent accounting firm mutually agreed upon by the Parties.

“**Intellectual Property**” means any and all of the following in any jurisdiction throughout the world: (a) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing, but not including the Seller Marks; (b) copyrights, including all applications and registrations, and works of authorship, whether or not copyrightable; (c) trade secrets and confidential knowhow; (d) patents and patent applications; (e) websites and internet domain name registrations; and (f) all other intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing.

“**Intercompany Arrangements**” has the meaning set forth in Section 2.2(j).

“**Interconnection Agreements**” has the meaning set forth in Section 2.10(f).

“**Interim Period**” means the period of time commencing on the Effective Date and ending on the Closing.

“**Inventory**” or “**Inventories**” means natural gas, coal, biomass and oil inventories, and raw materials, spare parts and consumable supplies located at or held or acquired for use in connection with the Business, whether on or off any Site, or in transit to any of the Sites or identified in any Schedule hereto.

“**ISO-NE**” means ISO New England, Inc. or its successor.

“**ISO-NE Tariff**” means the ISO New England Inc. Transmission, Markets and Services Tariff as in effect from time to time.

“**ISO-Recognized Capacity**” means, for a Facility, the most recent FCA Qualified Capacity as of the Effective Date as listed in Schedule 3.21(a) and as reported by ISO-NE in its most recent “CCP Forward Capacity Auction Obligations” report.

“**Law**” means any statute, law, ordinance, regulation, rule, code, Order, constitution, treaty, common law, judgment, tariff, approval, directive, writ, decree or other requirement, rule or other pronouncement having the effect of law of any Governmental Authority.

“**Leased Real Property**” has the meaning set forth in Section 2.1(b).

“**Liability**” means any liability or obligation, or contingent liability or obligation of any type whatsoever (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due), including any liability for Taxes.

“**Lien**” means any lien, pledge, mortgage, deed of trust, security interest, charge, claim, easement, encroachment, conditional sale or other title retention device or arrangement, option, restriction on transfer, third party purchase right, right of first offer or refusal, or other encumbrance of any kind, or restriction on the creation of any of the foregoing.

“Losses” means any and all judgments, losses, Liabilities, amounts paid in settlement, damages, fines, penalties, deficiencies, costs, Taxes, obligations and expenses (including interest, court costs and reasonable fees of attorneys, accountants and other experts and the cost of enforcing any right to indemnification hereunder). For all purposes in this Agreement, the term “Losses” does not include any Non-Reimbursable Damages.

“Made Available” means, with respect to documents and materials, that such documents or materials have been posted to the Data Site or otherwise provided to Buyer by Seller or its Representatives.

“Material Adverse Effect” means any change or event, whether singly or in the aggregate, that is materially adverse to the assets, liabilities, operations or financial condition of any of the Business or the ownership, use, operation repair, maintenance or replacement of any of the Acquired Assets, taken as a whole; *provided, however*, that any changes or events resulting from or arising out of the following shall not be considered when determining whether a Material Adverse Effect has occurred: (a) any change generally affecting the international, national or New England regional electric generating, transmission or distribution industry; (b) any change generally affecting the international, national or New England regional wholesale or retail markets for electric power; (c) any change generally affecting the international, national or New England regional wholesale or retail markets for the coal, natural gas or oil industries or the transportation or storage of coal, natural gas or oil; (d) any change in markets for commodities or supplies, including electric power, natural gas, oil, coal or other fuel and water, as applicable, used in connection with the Facilities; (e) any change in market (including the market for electrical power, coal, natural gas or oil) design, pricing or rules (including rules, systems, procedures, guidelines or requirements promulgated or modified by ISO-NE, any other regional transmission organization, NERC or any similar organization); (f) any change in general regulatory or political conditions, including any engagements of hostilities, acts of war or terrorist activities or changes imposed by a Governmental Authority associated with additional security; (g) any change in the international, national or New England regional electric transmission or distribution systems or operations thereof; (h) any change in any Laws (including Environmental Laws), GAAP, regulatory accounting principles or industry standards; (i) any change in the financial condition or results of operation of Buyer or its Affiliates, including its ability to access capital and equity markets and changes due to a change in the credit rating of Buyer or its Affiliates; (j) any change in the financial, banking, securities or currency markets (including the inability to finance the transactions contemplated hereby or any increased costs for financing or suspension of trading in, or limitation on prices for, securities on any domestic or international securities exchange); (k) any change in general national or New England regional economic or financial conditions or any failure or bankruptcy (or any similar event) of any financial services or banking institution or insurance company or counterparty to any Contract; (l) any actions to be taken pursuant to or in accordance with this Agreement, or taken by or at the written request of Buyer; (m) the announcement, pendency or consummation of the transactions contemplated hereby, or the fact that the prospective owner of the Acquired Assets is Buyer; (n) any labor strike, request for representation, organizing campaign, work stoppage, slowdown, or lockout or other labor dispute; (o) any new or announced power provider entrants, including their effect on pricing or transmission; (p) any Casualty Loss or event of condemnation; (q) seasonality of the operations of the Facilities; or (r) any failure of the Acquired Assets to meet projections or forecasts or revenue or earnings predictions for any period; *provided*, that any Loss, Claim, occurrence, change or effect that is cured prior to the Closing Date shall not be considered a Material Adverse Effect; *provided, further*, that, for the avoidance of doubt, a Material Adverse Effect shall be measured only against past performance of the Acquired Assets, taken as a whole, and not against any forward-looking statements, financial projections or forecasts of the Acquired Assets.

“Material Contracts” has the meaning set forth in Section 2.1(e).

“Merrimack Landfill Trust” has the meaning set forth in Section 5.3(c).

“Mortgage Indenture” means that certain First Mortgage Indenture, dated as of August 15, 1978, as amended and restated effective as of June 1, 2011, and supplemented, between Seller and U.S. Bank National Association, successor to Wachovia Bank, National Association, successor to First Union National Bank, formerly known as First Fidelity Bank, National Association, New Jersey, as trustee.

“NEPOOL” means the New England Power Pool, or its successor.

“NERC” means the North American Electric Reliability Corporation or its successors and assigns.

“NHDES” means the New Hampshire Department of Environmental Services.

“NHPUC” means the New Hampshire Public Utilities Commission.

“NHPUC Approval” means the Consent of the NHPUC to the transactions contemplated by this Agreement and the Related Agreements as required under New Hampshire Law.

“Non-Assigned Contracts” has the meaning set forth in Section 5.3(a)(v).

“Non-Reimbursable Damages” has the meaning set forth in Section 7.8(e).

“Non-Represented Scheduled Employees” has the meaning set forth in Section 3.12(a).

“Non-Represented Transferred Employees” has the meaning set forth in Section 5.8(c)(i).

“Objection Notice” has the meaning set forth in Section 2.6(c)(i).

“Offsite Disposal Facility” means a location, other than a Facility or a Site, that receives or received Hazardous Substances for disposal by Seller prior to the Closing Date or by Seller as a result of Remediation at a Facility or a Site (including, but not limited to, the removal of Hazardous Substances pursuant to the Removal Contract) on or after the Closing Date, or by Buyer on or after the Closing Date; *provided, however*, Offsite Disposal Facility does not include any location to which Hazardous Substances disposed of or Released at any of the Sites have migrated.

“Order” means any award, decision, injunction, judgment, order, writ, decree, stipulation, rule, ruling, subpoena, arbitration award or verdict entered, issued, made or rendered by any Governmental Authority or arbitrator that possesses competent jurisdiction.

“Organizational Documents” means, with respect to any Person, the certificate or articles of incorporation, organization or formation and by-laws, the limited partnership agreement, the partnership agreement or the operating or limited liability company agreement, equity holder agreements and/or other organizational and governance documents of such Person.

“Other Assigned Contracts” has the meaning set forth in Section 2.1(e).

“Outside Date” has the meaning set forth in Section 8.1(a).

“Party” and **“Parties”** each has the meaning set forth in the preamble.

“Permits” means all certificates, licenses, permits, approvals, authorizations, registrations, Consents, Orders, decisions and other authorizing actions of a Governmental Authority pertaining to a particular Acquired Asset, or the ownership, operation or use thereof.

“Permitted Lien” means (a) any Lien for Taxes not yet due or payable; (b) any Lien arising in the ordinary course of business by operation of Law (including mechanics’, materialmen’s, warehousemen’s, carriers’, workmen’s, repairmen’s, landlords’, suppliers’ and other similar Liens) with respect to a Liability that is not yet due or payable; (c) any purchase money Lien (including Liens under purchase price conditional sales contracts and equipment leases) arising in the ordinary course of business and listed on Schedule 1.1-PL; (d) any deposit or pledge made in connection with, or to secure payment of, workers’ compensation, unemployment insurance, old age pension programs mandated under applicable Laws or other social security regulations; (e) any exception or other matter set forth in Schedule BII of each of the Title Commitments; (f) any zoning or planning restriction, building and land use Law or similar restriction or condition imposed by any Governmental Authority that does not materially and adversely affect the Business or the ownership, use, operation, maintenance, repair or replacement of any of the Acquired Assets; (g) the terms and conditions of the Assigned Contracts, Assigned Leases and Transferable Permits; (h) any Lien that will no longer be binding on the Acquired Assets after Closing; (i) any Lien created by or resulting from any act or omission of Buyer; (j) any Lien granted or created by the execution and delivery of this Agreement or any of the Related Agreements or pursuant to the terms and conditions hereof or thereof (including without limitation the Reserved Easements); and (k) the matters and Liens set forth on Schedule 1.1-PL.

“Person” means an individual, corporation, partnership (general or limited), limited liability company, joint venture, trust, association, unincorporated organization, other business organization or Governmental Authority.

“Potential Qualified Capacity Increase” has the meaning set forth in Section 2.6(a)(iii).

“Potential Qualified Capacity Reduction” has the meaning set forth in Section 2.6(a)(iii)(B).

“Prepayments” means all advance payments, prepaid expenses (including rent), prepaid Taxes, progress payments and deposits of Seller, and rights to receive prepaid expenses, deposits or progress payments relating to the ownership and operation of the Acquired Assets, but not including any prepaid expenses or deposits attributable to Excluded Assets.

“Property Tax Stabilization Payments” mean those property tax stabilization payments with respect to the Facilities payable by Seller under the Settlement Agreement.

“Prorated Amount” means (a) with respect to any Prorated Item that is a Prepayment, the amount allocable to the period on or after the Closing Date that was paid by Seller prior to the Closing Date, and (b) with respect to any other Prorated Item, the amount (expressed as a negative number) allocable to the period prior to the Closing Date, whether or not then due and payable, which was not

paid by Seller prior to the Closing Date and which represents an Assumed Liability (excluding, for the avoidance of doubt, any amount paid by Seller after the Closing Date directly to the applicable Third Party), in each case, prorated in accordance with the methodology specified in Section 2.7.

“Prorated Items” has the meaning set forth in Section 2.7(a).

“Purchase Price” has the meaning set forth in Section 2.5.

“Purchase Price Adjustment” has the meaning set forth in Section 2.6(c)(i).

“Qualified Capacity” means the amount of capacity a resource may provide in the summer or winter in a Capacity Commitment Period (as defined in the ISO-NE Tariff), as determined in the Forward Capacity Market (as defined in the ISO-NE Tariff) qualification processes.

“Qualified Capacity Increase” has the meaning given to it in Section 2.6(a)(iii)(C).

“Qualified Capacity Reduction” has the meaning given to it in Section 2.6(a)(iii).

“Real Property” has the meaning set forth in Section 2.1(a).

“Real Property Agreements” has the meaning set forth in Section 3.17(d).

“Related Agreements” means the Deeds, each Assignment and Assumption of Lease, the Bill of Sale, the Assignment and Assumption Agreement, the Asset Demarcation Agreement, the Easements, the Interconnection Agreements, the Transition Services Agreement, the Release of Mortgage Indenture, the Guaranties, the Escrow Agreement and the other agreements, certificates and documents to be delivered pursuant to this Agreement.

“Release” means any release, spill, emission, escape, migration, leaking, leaching, pumping, injection, dispersal, migration, dumping, deposit, disposal or discharge at, into, onto, or through the Environment, whether sudden or non-sudden and whether accidental or non-accidental, or any release, emission or discharge as those terms are defined in any applicable Environmental Law.

“Release of Mortgage Indenture” has the meaning set forth in Section 2.10(h).

“Remediation” means any or all of the following activities to the extent required to address the presence or Release of, or exposure to, Hazardous Substances: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any Permits or Consents of any Governmental Authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice (or an oral notice which is appropriately documented or memorialized) from a Governmental Authority with competent jurisdiction under Environmental Laws or a written opinion of a Licensed Professional Geologist (as defined in New Hampshire RSA 310-A:118, IV), as contemplated by the relevant Environmental Laws and in lieu of a written notice from a Governmental Authority, that no material additional work is required; and (e) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws.

“Removal Contract” means that certain Cover Agreement for Abatement, Demolition and Disposal of the Mercury Vapor Power Units at Schiller Station between Eversource Service, as agent for Seller, and Manafort Brothers, Inc., as contractor, dated as of April 12, 2016, as amended by the First Amendment to the Cover Agreement for Abatement, Demolition and Disposal of the Mercury Vapor Power Units at Schiller Station, dated October 24, 2016.

“Removal Contractor” means Manafort Brothers, Inc., the contractor under the Removal Contract.

“Representative” means, with respect to any Person, such Person’s Affiliates, and such Person and its Affiliates’ respective officers, directors, managers, employees, agents, consultants and advisors (including financial advisors, accountants and counsel).

“Represented Scheduled Employees” has the meaning set forth in Section 3.12(a).

“Represented Transferred Employees” has the meaning set forth in Section 5.8(b)(ii).

“Reserved Easements” means easements to be reserved by Seller with respect to certain T&D Assets and associated telecommunications facilities located on the site of the Acquired Assets, to be reserved in the Deeds pursuant to Section 5.2(f).

“Restoration Cost” has the meaning set forth in Section 5.16.

“Scheduled Employees” has the meaning set forth in Section 3.12(a).

“Schedule Update” has the meaning set forth in Section 5.15(b).

“Schiller Boiler Removal Completion Date” means the date that Seller notifies Buyer that it has satisfied in full its obligations under Section 5.20.

“Selected Represented Employees” has the meaning set forth in Section 5.8(b)(i).

“Selected Non-Represented Employees” has the meaning set forth in Section 5.8(c)(i).

“Seller” has the meaning set forth in the preamble.

“Seller Fundamental Warranties” means the representations and warranties of Seller set forth in Section 3.1 (Organization and Existence), Section 3.2 (Authority and Enforceability), Section 3.6 (Title to Acquired Assets) and Section 3.19 (Brokers).

“Seller Indemnified Parties” has the meaning set forth in Section 7.3.

“Seller Marks” means any and all names, marks, trade names, trademarks and corporate symbols and logos incorporating “PSNH,” “Public Service Company of New Hampshire,” “Public Service of New Hampshire,” “Eversource,” “Eversource Energy” or “Northeast Utilities,” or any word or expression similar thereto or constituting an abbreviation or extension thereof, together with all other names, marks, trade names, trademarks and corporate symbols and logos of Seller or any of its Affiliates.

“Seller Required Consents” has the meaning set forth in Section 3.3.

“Seller’s Knowledge” means the actual knowledge (and not imputed or constructive knowledge) of the individuals listed on Schedule 1.1-K, after due inquiry.

“Seller’s Pension Plan” has the meaning set forth in Section 5.8(e)(i)(B).

“Settlement Agreement” means that certain 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, dated as of June 10, 2015, by and among Seller, Eversource, the Office of Energy and Planning, Designated Advocate Staff of the NHPUC, the Office of Consumer Advocate, New Hampshire District 3 Senator Jeb Bradley, New Hampshire District 15 Senator Dan Feltes, the City of Berlin, New Hampshire, the Union, the Conservation Law Foundation, Inc., TransCanada Power Marketing Ltd., TransCanada Hydro Northeast Inc., and the New Hampshire Sustainable Energy Association d/b/a NH CleanTech Council, as amended by that certain Amendment to the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, dated January 26, 2016, and the Partial Litigation Settlement Between Settling Parties and Non-Advocate Staff, dated January 26, 2016, all as approved by NHPUC Order No. 25,920, dated July 1, 2016.

“Site” means the Real Property or Leased Real Property (as applicable) and Improvements forming a part of, or used or usable in connection with, a Facility. Any reference to a Site shall include, by definition, the surface and subsurface elements, including the soils and groundwater present at such Site, and any reference to items “at the Site” shall include all items “at, on, in, upon, over, across, under and within” the Site.

“T&D Assets” means the transmission, distribution, communication, substation and other assets necessary to current or future T&D Operations of Seller.

“T&D Operations” means the process of conducting and supporting the transmission, distribution and sale of electricity.

“Taking” has the meaning set forth in Section 5.17.

“Tax” or **“Taxes”** means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, *ad valorem*, sales, use, transfer, border adjustment, registration, value added, alternative or add-on minimum, estimated, or other tax, governmental charge or assessment of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

“Tax and HR Warranties” means the representations and warranties set forth in Section 3.10 (Taxes), Section 3.12 (Employment and Labor Matters) and Section 3.13 (Employee Benefit Plans).

“Taxing Authority” means, with respect to any Tax, the Governmental Authority (including the Internal Revenue Service)

that imposes such Tax, and the agency (if any) charged with the collection or administration of such Tax for such Governmental Authority.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Law relating to any Tax, including any schedule or attachment thereto, and including any amendment thereof.

“Terminated Contracts” has the meaning set forth in Section 5.6(a).

“Third Party” means a Person that is not a Party.

“Third Party Claim” has the meaning set forth in Section 7.5(a).

“Threshold Amount” has the meaning set forth in Section 7.4(a).

“Title Commitments” has the meaning set forth in Section 3.6.

“Title Policies” means the title insurance policies which may be purchased by Buyer pursuant to Section 6.1(b).

“Transfer Taxes” means all transfer, sales, ad valorem, use, goods and services, value added, documentary, stamp duty, gross receipts, excise, transfer and conveyance Taxes and other similar Taxes, duties, fees or charges, together with any interest, penalties or additions in respect thereof, including, but not limited to, the New Hampshire real estate transfer tax due pursuant to NH RSA 78-B:1, *et seq.*

“Transferable Permits” has the meaning set forth in Section 2.1(d).

“Transferred Books and Records” means all books, operating records, engineering designs, blueprints, as-built plans, specifications, procedures, studies, reports (including PI software historical data), manuals, equipment repair records, safety records, maintenance records, service records, supplier, contractor and subcontractor lists, pending purchase orders, property and sales Tax Returns and related Tax records, and all Transferred Employee Records (in each case, in the format (including electronic format) in which such items are reasonably and practically available), in each case, in the possession or control of Seller or any of its Affiliates to the extent relating specifically to the ownership or operation of the Facilities, the Sites and the Acquired Assets; *provided*, that “Transferred Books and Records” shall not include: (a) any files or records relating to any employees who are not Transferred Employees, (b) files or records relating to any Transferred Employee afforded confidential treatment under any applicable Laws, except to the extent the affected employee consents in writing to such disclosure to Buyer, (c) all records prepared in connection with the sale of the Acquired Assets (and Seller’s other generation assets), including bids received from Third Parties and analyses relating to the Acquired Assets, (d) financial records, books of account or projections relating to the Acquired Assets, (e) books, records or other documents of Seller or its Affiliates related to corporate compliance matters not primarily developed for the Acquired Assets, (f) organizational documents (including minute books) of Seller, (g) materials, the disclosure of which would constitute a waiver of attorney-client or attorney work product privilege, or (h) any other books and records which Seller is prohibited from transferring to Buyer under applicable Law and is required by applicable Law to retain.

“Transferred Employees” means the Non-Represented Transferred Employees and the Represented Transferred Employees, collectively.

“Transferred Employee Records” means all personnel records maintained by Seller relating to the Transferred Employees, to the extent such files contain (a) names, addresses, dates of birth, job titles and descriptions; (b) dates of employment; (c) compensation and benefits information; (d) resumes and job applications; and (e) any other documents that Seller is not prohibited by Law from delivering to Buyer. To the extent the consent of a Transferred Employee is required under applicable Law in order for Seller to deliver a document that is part of the Transferred Employee Records to Buyer, Seller agrees to use commercially reasonable efforts to secure such consent.

“Transition Service Cost Percentage” means 100% during the period of the first thirty (30) days after the Closing Date, 110% for the next sixty (60) days, 125% for the next ninety (90) days, and 150% thereafter.

“Transition Services Agreement” has the meaning set forth in Section 5.6(b).

“Union” means International Brotherhood of Electrical Workers, Local 1837.

“**WARN Act**” means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, et seq.

Section 1.2 Rules of Interpretation. The following rules of interpretation apply to this Agreement:

(a) Unless otherwise specified, all Article, Section, Schedule and Exhibit references in this Agreement are to the Articles and Sections of, and the Schedules and Exhibits attached to, this Agreement. The Schedules and Exhibits attached to this Agreement constitute a part of this Agreement and are incorporated in this Agreement for all purposes.

(b) Article, Section and subsection headings in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(c) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Unless the context of this Agreement clearly requires otherwise, (i) words importing the masculine gender shall include the feminine and neutral genders and vice versa and (ii) words in the singular shall include the plural and vice versa. The words “include,” “includes,” and “including” are not limiting and shall mean “including without limitation.” The word “or” shall not be exclusive. The words “herein,” “hereunder,” “hereof,” “hereto” and similar terms used in this Agreement are references to this Agreement as a whole and not to any particular Article or Section or other portion of this Agreement in which such words appear. For purposes of computation of periods of time, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

(d) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Whenever any action must be taken hereunder on or by a day that is not a Business Day, then such action may validly be taken on or by the next day that is a Business Day.

(e) Unless the context of this Agreement clearly requires otherwise, any reference to any Contract means such Contract as amended and in effect from time to time in accordance with its terms and, if applicable, the terms of this Agreement.

(f) Unless the context of this Agreement clearly requires otherwise, reference to any Law means such Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including any successor legislation thereto and all rules and regulations promulgated thereunder.

(g) Currency amounts referenced in this Agreement are in U.S. Dollars.

(h) All accounting terms used but not expressly defined herein have the meanings given to them under GAAP.

(i) Each Party acknowledges that it and its attorneys have been given equal opportunity to negotiate the terms and conditions of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party, or any similar rule operating against the drafter of an agreement, shall not be applicable to the construction or interpretation of this Agreement.

ARTICLE II PURCHASE AND SALE; CLOSING

Section 2.1 Purchase and Sale of Acquired Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, assign, convey and transfer to Buyer, and Buyer shall purchase, assume and acquire from Seller, free and clear of Liens other than Permitted Liens, all of Seller’s right, title and interest in and to the following properties, rights and assets owned by Seller constituting, or used in and necessary for the operation of, the Business (collectively, the “**Acquired Assets**”):

(a) The real property, Improvements thereon, easements, licenses and other rights in real property described in Schedule 2.1(a), but subject to the Permitted Liens (the “**Real Property**”);

(b) The leasehold interests and rights thereunder relating to real property with respect to which Seller is lessee set forth in Schedule 2.1(b), but subject to the Permitted Liens (the “**Leased Real Property**”), and all leases set forth in Schedule 2.1(b) with respect to the Leased Real Property (the “**Assigned Leases**”);

(c) The machinery, equipment, tools, furniture, vehicles, Inventories and other tangible and intangible personal property owned by Seller and located at or in transit to the Facilities (if related primarily to any of the Acquired Assets) (including without limitation the items of personal property described on Schedule 2.1(c)), or, in the case of intangible personal property (other than Intellectual Property), otherwise used primarily in the operation of any of the Facilities or the other Acquired Assets, including any Prepayments and all applicable warranties of manufacturers or vendors to the extent that such warranties are transferable, in each case as in existence on the Effective Date, but excluding such items disposed of by Seller in the ordinary course of business during the

Interim Period and including such additional items as may be acquired by Seller for use in connection with the Acquired Assets in the ordinary course of business during the Interim Period, in each case in accordance with Section 5.5;

(d) All Permits (including all pending applications for Permits or renewals thereof) relating to the ownership and operation of the Facilities or the Acquired Assets that, as of the Closing Date, are transferable by Seller to Buyer by assignment or otherwise under applicable Law and that are identified as “Transferable Permits” on Schedule 3.5(b) or Schedule 3.11(a) (the “**Transferable Permits**”);

(e) Excluding the Assigned Leases addressed in Section 2.1(b), but including personal property leases (whether Seller is lessor or lessee thereunder), real property leases with respect to which Seller is lessor thereunder and railroad crossing licenses and side-track agreements for the benefit of Seller, (i) those Contracts that are material to the ownership or operation of the Acquired Assets and that are set forth in Schedule 2.1(e) (the “**Material Contracts**”) and (ii) all other Contracts that relate primarily to the ownership or operation of any of the Acquired Assets or otherwise in connection with the Business, a copy of each Seller will provide to Buyer during the Interim Period and each of which will be subject to Buyer’s agreement to assume in accordance with Section 5.6(a) (the “**Other Assigned Contracts**” and, together with the Material Contracts, the “**Assigned Contracts**”); *provided* that subject to and to the extent it does not interfere with Buyer’s rights under any Assigned Contract, including Buyer’s right to exculpation and indemnification, Seller shall retain the rights and interests under any Assigned Contract to the extent such rights and interests provide for indemnity and exculpation rights for pre-Closing occurrences for which Seller remains liable under this Agreement; and *provided further*, that Seller shall, during the Interim Period, amend such Schedule to set forth any amendments to any Material Contract, or any additional Contracts entered into during the Interim Period that are material to the ownership or operation of the Acquired Assets, subject to the applicable covenants in Section 5.5;

(f) All Transferred Books and Records, subject to the right of Seller to retain copies for its use to the extent and subject to the conditions set forth herein;

(g) All Intellectual Property that is owned by Seller and primarily used in connection with the operation of the Facilities, as set forth in Schedule 2.1(g) (the “**Assigned Intellectual Property**”);

(h) Subject to Section 2.2(f), the rights of Seller to the use of the names of the Facilities set forth in Schedule 1;

(i) Those Environmental Attributes set forth in Schedule 2.1(i), excluding such Environmental Attributes or portions thereof disposed of by Seller in the ordinary course of business during the Interim Period and including such additional Environmental Attributes as may be acquired by Seller for use in the operation of the Facilities in the ordinary course of business during the Interim Period, in each case in accordance with Section 5.5; and

(j) All rights of Seller in and to any claims, causes of action, rights of recovery, rights of set-off, rights of refund and similar rights against a Third Party relating to any Assumed Liability, but excluding any such rights of Seller in, to or under any insurance policies of Seller or any insurance proceeds therefrom; *provided however*, if any such insurance proceeds relate to equipment or other tangible property to be transferred to Buyer and such equipment or tangible property is not repaired or otherwise restored to its condition as of the Effective Date on or prior to Closing, Seller will transfer such proceeds to Buyer at the Closing.

Section 2.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, Buyer expressly understands and agrees that it is not purchasing or acquiring, and Seller is not selling, assigning or transferring, any properties, rights or assets of Seller other than the Acquired Assets, and all such other properties, rights and assets shall be excluded from the Acquired Assets (collectively, the “**Excluded Assets**”). The Excluded Assets to be retained by Seller include all of Seller’s right, title and interest in and to the following properties, rights and assets:

(a) As identified on Schedule 2.2(a) or in the Asset Demarcation Agreement, the real and personal property comprising or constituting any or all of the T&D Assets (whether or not regarded as a “transmission,” “distribution” or “generation” asset for regulatory or accounting purposes), including all electric power, communications and telecommunications underground and aboveground lines, switchyard facilities, substation facilities, support equipment and other Improvements, the Reserved Easements, and all Permits and Contracts, to the extent they relate to the T&D Assets, and those certain assets and facilities identified for use or used by Seller or others pursuant to an agreement or agreements with Seller for telecommunications purposes;

(b) The real property and Improvements thereon described in Schedule 2.2(b);

(c) Except for Prepayments, (i) all Cash, accounts receivable, notes receivable, checkbooks and canceled checks, bank accounts and deposits, commercial paper, certificates of deposit, securities, and property or income Tax receivables, other than the Merrimack Landfill Trust assets, and (ii) any other Tax refunds, credits, prepayments or other rights to payment related to the Acquired Assets to the extent allocable to a period ending prior to the Closing Date;

(d) All Contracts of Seller (other than the Assigned Contracts and Assigned Leases), *provided* that any excluded Contract of Seller used in connection with the Business that is not an Assigned Contract or an Assigned Lease is identified on Schedule 3.7(a);

(e) All Permits of Seller (other than the Transferable Permits), *provided* that any excluded Permit of Seller used in connection with the Business that is not a Transferable Permit is identified on Schedule 3.7(a);

(f) All Intellectual Property including all Seller Marks (other than the Assigned Intellectual Property), *provided* that any excluded Intellectual Property of Seller used in connection with the Business that is not included in the Assigned Intellectual Property is identified on Schedule 3.7(a);

(g) Duplicate copies of all Transferred Books and Records (to the extent and subject to the conditions set forth herein), and all other records of Seller other than the Transferred Books and Records, including corporate seals, organizational documents, minute books, stock books, Tax Returns, financial records, books of account and other corporate records of Seller, and all employee-related or employee benefit-related files or records other than the Transferred Employee Records;

(h) All insurance policies of Seller and insurance proceeds therefrom, subject to Section 2.1(j);

(i) All rights of Seller in and to any claims, causes of action, rights of recovery, rights of set-off, rights of refund and similar rights against a Third Party relating to any period through the Closing or otherwise relating to any Excluded Liability, but excluding any such rights of Seller to the extent relating to an Assumed Liability;

(j) All of Seller's rights arising from or associated with any Contract or arrangement representing an intercompany transaction, agreement or arrangement between Seller and an Affiliate of Seller, whether or not such transaction, agreement or arrangement relates to the provisions of goods or services, payment arrangements, intercompany charges or balances or the like, including, but not limited to, the Terminated Contracts ("**Intercompany Arrangements**"), other than those Assigned Contracts set forth on Schedule 2.2(j), *provided* that any excluded Intercompany Arrangement used in connection with the Business is identified on Schedule 3.7(a);

(k) All Employee Benefit Plans and trusts or other assets attributable thereto;

(l) Seller's Hydro Business; and

(m) The rights that accrue or will accrue to Seller under this Agreement and the Related Agreements.

Section 2.3 Assumption of Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, from and after the Closing, Buyer shall assume and shall satisfy, perform or discharge when due all of the Liabilities of Seller in respect of, or otherwise arising from the ownership, operation or use of the Acquired Assets, other than the Excluded Liabilities (the "**Assumed Liabilities**"), including the following Liabilities:

(a) All Environmental Liabilities, other than the Excluded Environmental Liabilities until such Excluded Environmental Liabilities become Assumed Liabilities as provided in Section 2.4(i) and, for avoidance of doubt, it is the intention of the Parties that (i) Environmental Liabilities described in Section 2.4(i)(B)(II), Section 2.4(i)(C) and Section 2.4(i)(D) are not and would never become Assumed Liabilities and (ii) Environmental Liabilities resulting from Dig Activities are Assumed Liabilities;

(b) Except as set forth in Section 2.4(c), all Liabilities related to the performance or non-performance of contractual obligations or commitments to be performed or addressed, in each case first arising from and after the Closing Date under (i) the Assigned Contracts, the Assigned Leases, the Transferable Permits and the Assigned Intellectual Property, in each case in accordance with the terms thereof, except with respect to Taxes, which shall be assumed in accordance with Section 2.7, and (ii) the Contracts, commitments and Transferable Permits entered into by Seller with respect to the Acquired Assets during the Interim Period in accordance with Section 5.5;

(c) Except as set forth in Section 2.4(c), all Liabilities related to the performance or non-performance of contractual obligations or commitments to be performed or addressed, in each case first arising from and after the Closing Date under the Permitted Liens, other than under or with respect to the exercise of the Reserved Easements;

(d) All Liabilities first arising from and after the Closing Date (i) for any compensation, benefits, employment Taxes, workers compensation benefits and other similar Liabilities in respect of the Transferred Employees (including under the Generation CBA, any Employee Benefit Plan of Buyer, or any other agreement, plan, practice, policy, instrument or document relating to any of the Transferred Employees) created or owing as a consequence of employment by Buyer on or after the Closing Date, but not including any Liabilities arising out of the CBA MOA, (ii) relating to the Transferred Employees which Buyer has assumed or for which Buyer is otherwise responsible under Section 5.8, and (iii) in respect of any discrimination, wrongful discharge, unfair labor practice or similar Claim under applicable employment Laws by any Transferred Employee arising out of or relating to acts or omissions occurring on or after the Closing Date;

(e) All Liabilities for (i) Taxes (including, with respect to property Taxes, payments in addition to or in lieu of Taxes, but not including the Property Tax Stabilization Payments) relating to the ownership, operation, sale or use of the Facilities and the Acquired Assets, in each case first arising from and after the Closing Date, or the Assumed Liabilities and (ii) Taxes for which Buyer is liable pursuant to Section 2.7, Section 5.12 and Section 5.13; and

(f) All other Liabilities expressly allocated to Buyer in this Agreement or in any of the Related Agreements.

Section 2.4 Excluded Liabilities. Buyer shall not assume or be responsible for the performance of any of the following Liabilities (collectively, the “**Excluded Liabilities**”):

(a) Any Liability of Seller exclusively in respect of or otherwise arising from the operation or use of (x) the Excluded Assets or (y) except as expressly set forth in this Agreement, for the period prior to the Closing, the Acquired Assets;

(b) Any Liability of Seller arising from the making or performance of this Agreement or a Related Agreement or the transactions contemplated hereby or thereby;

(c) Any Liability of Seller under the Assigned Contracts or Assigned Leases (i) in respect of payment obligations for goods delivered or services rendered prior to the Closing Date, (ii) relating to a breach or default by Seller of any of its obligations thereunder occurring prior to the Closing Date whenever such breach is declared by the Counterparty thereto or (iii) relating to the CBA MOA;

(d) Except for those Assumed Liabilities set forth in Section 2.3(d), any Liability of Seller (i) for any compensation, benefits, employment Taxes, workers compensation benefits and other similar Liabilities (including under the Generation CBA, any Employee Benefit Plan of Seller, or any other agreement, plan, practice, policy, instrument or document relating to any of the Transferred Employees) created, arising or accruing before the Closing Date, whether or not subject to any continued service agreement, including pro rata payments earned before the Closing Date, in respect of the Transferred Employees, any temporary employees, and the Scheduled Employees who are not offered, or who do not accept, employment with the Buyer, (ii) relating to the Transferred Employees or temporary employees for which Seller is responsible under Section 5.8, (iii) relating to former employees, temporary employees or Scheduled Employees who are not offered, or who do not accept, employment with Buyer, or (iv) in respect of any workers’ compensation, tort, Hazardous Substance exposure, discrimination, wrongful discharge, unfair labor practice or other employee Claim under applicable Laws or under Seller’s Employee Benefits Plans by any Transferred Employee arising out of or relating to acts or omissions occurring prior to the Closing Date, by any former employee, by any temporary employee or by any Scheduled Employee who is not offered, or who does not accept, employment with Buyer;

(e) Any Liability of Seller arising from or associated with any Intercompany Arrangement, other than Liabilities under those Assigned Contracts set forth on Schedule 2.2(j);

(f) Any Liability of Seller for any fines or penalties imposed by a Governmental Authority resulting from (i) any investigation or proceeding pending prior to the Closing Date or (ii) illegal acts or willful misconduct of Seller prior to the Closing Date;

(g) Any Liability for Taxes (including, with respect to property Taxes, payments in addition to or in lieu of Taxes and the Property Tax Stabilization Payments) relating to the ownership, operation, sale or use of the Acquired Assets prior to the Closing, except those Taxes for which Buyer is liable pursuant to Section 2.7, Section 5.12 and Section 5.13.

(h) Any Liability of Seller pursuant to Section 5.20; and

(i) Subject to the provisions of Section 5.11, (A) any Environmental Liability caused, created or otherwise in existence due to the activities of or otherwise attributable to Seller prior to the Closing, except those Environmental Liabilities described in Section 2.4(i)(B)(II), Section 2.4(i)(C) and Section 2.4(i)(D) below, (B) any Environmental Liability arising out of or resulting from any Release of mercury at Schiller Station that occurred (I) prior to or on the Closing or (II) during the performance of the work

pursuant to the Removal Contract, which Release occurred after Closing but prior to the Schiller Boiler Removal Completion Date, (C) any Environmental Liability relating to the treatment, disposal, storage, discharge, Release, recycling or the arrangement for such activities at, or the transportation to, any Offsite Disposal Facility by Seller, prior to or on the Closing Date, of Hazardous Substances that were generated at the Sites, and (D) any Environmental Liability of Seller for any fines or penalties imposed by a Governmental Authority resulting from (I) any investigation or proceeding pending prior to the Closing Date or (II) illegal acts or willful misconduct of Seller prior to the Closing Date; *provided, however*, that the Liability of Seller pursuant to Section 2.4(i)(A) and, from and after the occurrence of the Schiller Boiler Removal Completion Date, Section 2.4(i)(B)(I) (and, together with such clauses, any associated indemnification obligations of Seller hereunder) shall terminate (x) on the applicable Excluded Environmental Liability Termination Date, after which any Liabilities described in Section 2.4(i)(A) and Section 2.4(i)(B)(I) shall be Assumed Liabilities for which Buyer is liable pursuant to Section 2.3(a), and Seller shall have no further Liability with respect thereto, or (y) upon exceeding the indemnification cap set forth in Section 7.4(a)(ii), if earlier than the applicable Excluded Environmental Liability Termination Date, any Liabilities described in Section 2.4(i)(A) and Section 2.4(i)(B)(I) shall be Assumed Liabilities for which Buyer is liable pursuant to Section 2.3(a), and Seller shall have no further Liability with respect thereto.

The Excluded Liabilities described in Section 2.4(d) (solely as it relates to employee exposure to Hazardous Substances), Section 2.4(h) and Section 2.4(i), as limited by the terms thereof, are referred to herein as the “**Excluded Environmental Liabilities**.” For avoidance of doubt, it is the intention of the Parties that Section 2.4(d) (solely as it relates to employee exposure to Hazardous Substances), Section 2.4(h) and Section 2.4(i) shall exclusively define those Environmental Liabilities constituting Excluded Liabilities hereunder, and that no other provision of this Section 2.4 shall be construed to include any Environmental Liabilities.

Section 2.5 Purchase Price. In consideration for Seller’s sale, assignment and transfer of the Acquired Assets to Buyer, at the Closing, Buyer shall (i) pay to Seller an aggregate amount equal to One Hundred Seventy-Five Million Dollars (\$175,000,000) (the “**Base Purchase Price**”) plus or minus amounts to account for (a) the Estimated Purchase Price Adjustment to be made as of the Closing under Section 2.6(a) and Section 2.6(b), and (b) the prorations to be made as of the Closing under Section 2.7 (the Base Purchase Price, as so adjusted, shall be referred to herein as the “**Closing Purchase Price**”), and (ii) assume the Assumed Liabilities. The Closing Purchase Price shall be payable in cash by wire transfer to Seller in accordance with written instructions of Seller given to Buyer at least three (3) Business Days prior to the Closing. Following the Closing, the Closing Purchase Price shall be subject to adjustment pursuant to Section 2.6(c) and Section 2.7(b), and the Closing Purchase Price, as so adjusted pursuant to such Sections, shall be herein referred to as the “**Purchase Price**.”

Section 2.6 Certain Adjustments to Base Purchase Price. At the Closing, the Base Purchase Price shall be adjusted as set forth in Section 2.6(a) and Section 2.6(b), and the Closing Purchase Price shall be subject to adjustment following the Closing as set forth in Section 2.6(c).

(a) Determination of Adjustment. The Base Purchase Price shall be increased or decreased to account for the following items:

(i) Increased or decreased, as the case may be, by an amount equal to the working capital adjustment, which adjustment will be calculated in accordance with Schedule 2.6(a)(i);

(ii) Increased by any non-ordinary course operations and maintenance expenses incurred and paid for by Seller during the Interim Period that Seller is not otherwise obligated to perform and incur under this Agreement and that Seller would not have actually incurred and paid for but for Buyer’s written request;

(iii) If prior to Closing, any event occurs which has or may have the effect of increasing or decreasing the Qualified Capacity of any Facility during the Interim Period or following Closing, then the following provisions shall apply:

(A) (1) If Seller receives notice from ISO-NE that has or may have the effect of reducing the Qualified Capacity of any Facility individually or any number of Facilities such that in the aggregate the Qualified Capacity of all Facilities is less than the ISO-Recognized Capacity of all of the Facilities (a “**Qualified Capacity Reduction**”) and such Qualified Capacity Reduction (i) results in an aggregate decrease in Qualified Capacity that is equal to or greater than 20 megawatts but is less than 100 megawatts with respect to all Facilities, or (ii) is greater than zero with respect to Lost Nation, then in each case the Base Purchase Price shall be reduced by an amount equal to the product of the aggregate Qualified Capacity Reduction (in megawatts) and (x) Three Hundred Twenty-Five Thousand Dollars (\$325,000) per megawatt for Qualified Capacity Reduction relating to Newington Station as identified on Schedule 1 or (y) Two Hundred Fifty Thousand Dollars (\$250,000) per megawatt for Qualified Capacity Reduction relating to each other Facility. (2) To the extent Seller receives notice of a Qualified Capacity Reduction and such Qualified Capacity Reduction, together with any other Qualified Capacity Reduction with respect to any Facility, results in an aggregate decrease in Qualified Capacity that is equal to or greater than 100 megawatts, then Buyer in its sole discretion may elect to terminate this Agreement pursuant to Section 8.1(f) of this Agreement.

(B) If Seller receives notice from ISO-NE prior to the Closing Date that has or may have the effect of a Qualified Capacity Reduction for any Facility and (i) Seller pursues a formal dispute or correction of the event that would result in such Qualified Capacity Reduction and resolution is not achieved prior to Closing or (ii) Seller does not pursue a resolution of the event which gave rise to such notice (in which case, as soon as practicable, the Buyer shall pursue in good faith and with commercially reasonable efforts and in cooperation with Seller a remediation plan or other similar efforts to avoid such Qualified Capacity Reduction) and resolution is not achieved prior to Closing (a **“Potential Qualified Capacity Reduction”**), then the amount by which the Base Purchase Price would be reduced using the formula in Section 2.6(a)(iii)(A)(1) shall be paid by Buyer into an escrow account subject to an escrow agreement mutually acceptable to the Parties (the **“Escrow Agreement”**) and the amount placed in the escrow account under the Escrow Agreement shall be released to (x) Seller, to the extent there is no Qualified Capacity Reduction and (y) Buyer, to the extent there is a Qualified Capacity Reduction.

(C) To the extent Seller receives notice from ISO-NE that has or may have the effect of increasing the Qualified Capacity of any Facility such that it is greater than the ISO-Recognized Capacity (a **“Qualified Capacity Increase”**) and such Qualified Capacity Increase, together with any other Qualified Capacity Increases with respect to any Facility, results in an aggregate increase of Qualified Capacity equal to or greater than 20 megawatts but is less than 100 megawatts, then the Base Purchase Price shall be increased by an amount equal to the product of the aggregate Qualified Capacity Increase (in megawatts) and (i) Three Hundred Twenty-Five Thousand Dollars (\$325,000) per megawatt for Qualified Capacity Increase relating to Newington Station as identified on Schedule 1 or (ii) Two Hundred Fifty Thousand Dollars (\$250,000) per megawatt for Qualified Capacity Increase relating to each other Facility.

(iv) Decreased by the delayed closing adjustment, calculated in accordance with Schedule 2.6(a)(iv), if any.

(b) Estimated Purchase Price Adjustment. At least five (5) Business Days prior to the Closing Date, Seller shall prepare and deliver to Buyer a statement (the **“Estimated Closing Statement”**) setting forth in reasonable detail Seller’s good faith estimate of the net amount of all adjustments to the Base Purchase Price required by Section 2.6(a) (the **“Estimated Purchase Price Adjustment”**), together with reasonable supporting material regarding the computation thereof. In calculating the Closing Purchase Price pursuant to Section 2.5, the Base Purchase Price will be increased to reflect the Estimated Proration Adjustment Amount.

(c) Post-Closing Adjustment.

(i) Within sixty (60) days following the Closing Date, Seller shall prepare and deliver to Buyer a statement (the **“Closing Statement”**) that shall set forth in reasonable detail Seller’s calculation of the net amount of all adjustments to the Base Purchase Price required by Section 2.6(a) taking into account actual data (the **“Purchase Price Adjustment”**), together with reasonable supporting material regarding the computation thereof. Buyer shall have thirty (30) days to review the Closing Statement following receipt thereof. On or before the end of such 30-day review period, Buyer may object to the Closing Statement by written notice to Seller (the **“Objection Notice”**), setting forth Buyer’s specific objections to the calculation of the Purchase Price Adjustment. Such Objection Notice shall specify those items or amounts with which Buyer disagrees, together with a detailed written explanation of the reasons for disagreement with each such item or amount (and reasonable supporting material therefor), and shall set forth Buyer’s calculation of the Purchase Price Adjustment based on such objections. To the extent not set forth in a timely-delivered Objection Notice, Buyer shall be deemed to have agreed with Seller’s calculation of all other items and amounts contained in the Closing Statement and neither party may thereafter dispute any item or amount not set forth in such Objection Notice. If Buyer does not timely deliver any Objection Notice, Buyer shall be deemed to have agreed with and accepted Seller’s calculation of the Purchase Price Adjustment, and the Closing Statement shall be final and binding on the Parties as of the end of Buyer’s 30-day review period.

(ii) If Buyer timely delivers an Objection Notice to Seller, Buyer and Seller shall, during the thirty (30) day period following such delivery (or any mutually agreed extension thereof), use their commercially reasonable efforts to negotiate and reach agreement on the disputed items and amounts in order to determine the amount of the Purchase Price Adjustment. If, at the end of such period (or any mutually agreed extension thereof), the Parties are unable to resolve their disagreements, they shall jointly retain and refer their disagreements to the Independent Accountant. The Parties shall instruct the Independent Accountant to promptly review this Section 2.6 and to determine solely with respect to the disputed items and amounts so submitted whether and to what extent, if any, the Purchase Price Adjustment set forth in the Closing Statement requires adjustment. The Independent Accountant shall base its determination solely on written submissions by the Parties. As promptly as practicable, but in no event later than thirty (30) days after its retention, the Independent Accountant shall deliver to Buyer and Seller a report which sets forth its resolution of the disputed items and amounts and its calculation of the Purchase Price Adjustment; *provided* that the Independent Accountant may not assign a value to any item greater than the greatest value for such item claimed by either Party or less than the smallest value for such item claimed by either Party. The decision of the Independent Accountant shall be final and binding on the Parties. The costs and expenses of the Independent Accountant shall

be allocated between the Parties based upon the percentage which the portion of the contested amount not awarded to each party bears to the amount actually contested by such party, as determined by the Independent Accountant. The Parties agree to execute, if requested by the Independent Accountant, a reasonable engagement letter, including customary indemnities in favor of the Independent Accountant. The Parties shall cooperate and shall furnish each other and, if applicable, the Independent Accountant, with such documents and other records that may be reasonably requested in connection with the preparation, review and final determination of the Closing Statement and Purchase Price Adjustment and the other matters addressed in this Section 2.6.

(iii) For purposes of this Section 2.6(c), “**Final Purchase Price Adjustment**” means the Purchase Price Adjustment:

(A) As shown in the Closing Statement delivered by Seller to Buyer pursuant to Section 2.6(c)(i), if no Objection Notice with respect thereto is timely delivered by Buyer to Seller pursuant to Section 2.6(c)(i); or

(B) If an Objection Notice is so delivered, (x) as agreed by the Parties pursuant to Section 2.6(c)(ii) or (y) in the absence of such agreement, as shown in the Independent Accountant’s report delivered pursuant to Section 2.6(c)(ii).

(iv) Within three (3) Business Days after the Final Purchase Price Adjustment has been finally determined pursuant to this Section 2.6(c):

(A) If the Final Purchase Price Adjustment is less than the Estimated Purchase Price Adjustment, Seller shall pay to Buyer an amount equal to (x) the Estimated Purchase Price Adjustment minus (y) the Final Purchase Price Adjustment; and

(B) If the Final Purchase Price Adjustment is greater than the Estimated Purchase Price Adjustment, Buyer shall pay to Seller an amount equal to (x) the Final Purchase Price Adjustment minus (y) the Estimated Purchase Price Adjustment.

Any payment required to be made by a Party pursuant to this Section 2.6(c)(iv) shall be made to the other Party by wire transfer of immediately available funds to the account designated in writing by such other Party.

Section 2.7 Proration.

(a) Buyer and Seller agree that all of the items (including any Prepayments with respect to such items) normally prorated in a sale of assets of the type contemplated by this Agreement, including those listed below, relating to the ownership and operation of the Acquired Assets (collectively, the “**Prorated Items**”), shall be prorated on a daily basis as of the Closing Date in accordance with this Section 2.7, with Seller liable to the extent such items relate to any period prior to the Closing Date, and Buyer liable to the extent such items relate to periods on and after the Closing Date:

(i) Personal property, real property, occupancy and water Taxes, assessments and other charges, if any, on or associated with the Acquired Assets;

(ii) Rent, Taxes and other items payable by or to Seller under any of the Assigned Contracts or Assigned Leases;

(iii) Any Permit, license, registration or other fees with respect to any Transferable Permit associated with the Acquired Assets;

(iv) Sewer rents and charges for water, telephone, electricity and other utilities; and

(v) Revenues associated with the Environmental Attributes set forth in Schedule 2.1(i).

(b) At least five (5) Business Days prior to the Closing Date, Seller will deliver to Buyer a worksheet setting forth in reasonable detail (i) Seller’s good faith reasonable estimate of the Prorated Amount for each Prorated Item (with respect to each Prorated Item, the “**Estimated Prorated Amount**”), together with reasonable supporting material regarding such estimate, and (ii) the calculation of the net amount of the Estimated Prorated Amounts (the “**Estimated Proration Adjustment Amount**”). In the event that, with respect to any Prorated Item, actual figures are not available as of the time of the calculation of the Estimated Prorated Amount, the Estimated Prorated Amount for such Prorated Item shall be a good faith reasonable estimate based upon the actual fee, cost or amount of the Prorated Item for the most recent preceding year (or appropriate period) for which an actual fee, cost or amount paid is available. In calculating the Closing Purchase Price pursuant to Section 2.5, the Base Purchase Price will be adjusted

appropriately to reflect the Estimated Proration Adjustment Amount.

(c) When the actual Prorated Amount with respect to any Prorated Item (the “**Actual Prorated Amount**”) becomes available to either Party, it shall promptly (and in any event within ninety (90) days following Closing) notify the other Party of such Prorated Item and Actual Prorated Amount, together with reasonable detail and supporting material regarding the computation thereof. For any Prorated Item with respect to which the Estimated Prorated Amount is not equal to the Actual Prorated Amount, upon the request of either Seller or Buyer, made within thirty (30) days of the date when such Actual Prorated Amount became available to such Party (or such Party received notice of such Actual Prorated Amount from the other Party, as applicable), the Parties shall agree on an adjustment to account for the difference between the Estimated Prorated Amount and the Actual Prorated Amount for such Prorated Item. All disputes between Seller and Buyer respecting any such requested adjustments that are not resolved by mutual agreement within sixty (60) days following the end of the foregoing ninety (90) day notice period shall be referred by the Parties to the Independent Accountant, who shall resolve such disputes and determine such final adjustment substantially in accordance with the procedures set forth in Section 2.6(c)(ii), applied *mutatis mutandis*. Any adjustment payment to be made by Buyer or Seller, as applicable, to the other Party pursuant to this Section 2.7(c) shall be paid within ten (10) days following the Parties’ agreement (or the Independent Accountant’s determination) with respect thereto by wire transfer of immediately available funds to the account designated in writing by such other Party. The Parties agree to cooperate and furnish each other with such documents and other records that may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 2.7.

Section 2.8 Allocation of Purchase Price.

(a) Buyer and Seller shall use their good faith commercially reasonable efforts to agree upon an allocation among the Acquired Assets of the sum of the Purchase Price and the Assumed Liabilities consistent with Section 1060 of the Code and the Treasury Regulations thereunder prior to or within a reasonable time after the Closing Date (or any mutually agreed extension thereof). Each of Buyer and Seller agrees to file Internal Revenue Service Form 8594 and all federal, state, local and foreign Tax Returns, and to report the transactions contemplated by this Agreement and the Related Agreements for federal income Tax and all other Tax purposes, in a manner consistent with the allocation determined pursuant to this Section 2.8 (as revised to take into account subsequent adjustments to the Purchase Price, including adjustments to the Purchase Price pursuant to Section 2.6 and Section 2.7 and any indemnification payment treated as an adjustment to the Purchase Price pursuant to Section 7.6, as mutually agreed upon by the Parties and in accordance with the provisions of the Code and the Treasury Regulations thereunder). Notwithstanding the foregoing, in the event Buyer and Seller cannot agree as to the allocation, each party shall be entitled to take its own position in any Tax Return, Tax proceeding or audit, provided that such position is reasonable and consistent with the general principles of Section 1060 of the Code and the Treasury Regulations thereunder. Each of Buyer and Seller agrees to provide the other promptly with any other information required to complete Form 8594. Each of Buyer and Seller shall notify and provide the other with reasonable assistance in the event of an examination, audit or other proceeding regarding the agreed upon allocation of the Purchase Price.

(b) In compliance with the Settlement Agreement’s requirement to fairly allocate among individual assets the sale price of any assets that are sold as a group, the Parties acknowledge and agree that the portion of the Purchase Price allocable to each Facility is as set forth on Schedule 2.8(b).

Section 2.9 Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at the offices of Seller, 780 N. Commercial Street, Manchester, New Hampshire 03105-0330, beginning at 10:00 a.m. local time, on the third (3rd) Business Day following the date on which all of the conditions set forth in Article VI have either been satisfied or expressly waived by the Party for whose benefit such condition exists (other than conditions which, by their nature, are to be satisfied at Closing, but subject to the satisfaction or waiver of those conditions), or at such other time, date or place as the Parties may mutually agree. The date of Closing is hereinafter called the “**Closing Date**.” The Closing shall be effective for all purposes herein as of 12:01 a.m. Eastern time on the Closing Date.

Section 2.10 Deliveries by Seller at Closing. At Closing, Seller shall deliver the following to Buyer, duly executed and properly acknowledged, if appropriate:

(a) With respect to each parcel of Real Property, a deed conveying such parcel to Buyer, substantially in the form agreed to by Seller and Buyer in accordance with Section 5.2(f) and otherwise in a form suitable for recording (each, a “**Deed**”);

(b) With respect to each Assigned Lease, an assignment and assumption of lease, substantially in the form agreed to by Seller and Buyer in accordance with Section 5.2(f) and otherwise in a form suitable for recording, if necessary (each, an “**Assignment and Assumption of Lease**”);

(c) A bill of sale transferring the tangible personal property included in the Acquired Assets to Buyer, substantially in the form agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Bill of Sale**”);

(d) An assignment and assumption agreement pursuant to which Seller shall assign certain rights, liabilities and obligations to Buyer and Buyer shall assume the Assumed Liabilities, substantially in the form agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Assignment and Assumption Agreement**”);

(e) An agreement between the Parties evidencing their agreement as to the demarcation of ownership with respect to certain assets not situated wholly on real property owned, or to be owned, by either Seller or Buyer, as applicable, substantially in the form agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Asset Demarcation Agreement**”);

(f) With respect to each Facility, an agreement between the Parties respecting the interconnection of such Facility with Seller’s transmission system, substantially in the applicable forms agreed to by Seller and Buyer in accordance with Section 5.2(f) (together, the “**Interconnection Agreements**”);

(g) The Escrow Agreement, if applicable;

(h) All documents necessary to release or discharge all Liens affecting the Acquired Assets, except for Permitted Liens, in form and substance reasonably satisfactory to Buyer, including the document or documents necessary to discharge the Lien imposed by the Mortgage Indenture, which discharge will be substantially in the form agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Release of Mortgage Indenture**”);

(i) The Easements;

(j) If requested by Buyer, the Transition Services Agreement;

(k) Certificates of title for the vehicles and boats which are part of the Acquired Assets;

(l) Copies of all Seller Required Consents;

(m) Seller’s Transfer Tax Declarations of Consideration required under New Hampshire RSA 78-B:10 and New Hampshire Department of Revenue Administration rules (Forms CD-57-S), together with Seller’s share of applicable real estate transfer taxes;

(n) Affidavits and indemnities typically delivered in commercial real estate transactions sufficient for purposes of issuing the Title Policies without the standard title insurance policy exceptions regarding mechanic’s liens, if available, parties in possession, real estate taxes not yet due and payable and broker liens for brokers engaged by or on behalf of Seller;

(o) A certification of non-foreign status, pursuant to Treasury Regulations Section 1.1445-2(b)(2), with respect to Seller;

(p) The officer’s certificate of Seller required by Section 6.1(d);

(q) A certificate of existence and good standing with respect to Seller, as of a recent date, issued by the secretary of state or other appropriate Governmental Authority of the jurisdiction of Seller’s organization, and certificates of good standing and qualification or authorization to do business (or the equivalent certificates) with respect to Seller, each as of a recent date, issued by the secretary of state or similar Governmental Authority in each other jurisdiction where the actions to be performed hereunder make such qualification or authorization necessary;

(r) A copy, certified by the Secretary or an Assistant Secretary of Seller, of corporate resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby;

(s) A certificate of the Secretary or an Assistant Secretary of Seller which shall identify by name and title and bear the signature of the officers of Seller authorized to execute and deliver this Agreement and the Related Agreements; and

(t) All such other instruments or documents as Buyer and its counsel may reasonably request in order to give effect to the transfer of the Acquired Assets as contemplated hereby or to otherwise facilitate the transactions contemplated by this Agreement and the Related Agreements; *provided, however*, that this Section 2.10(t) shall not require Seller to prepare or obtain any surveys relating to the Real Property or Leased Real Property other than those previously provided to Buyer.

Section 2.11 Deliveries by Buyer at Closing. At Closing, Buyer shall deliver to Seller, duly executed and properly acknowledged, if appropriate:

- (a) The Closing Purchase Price in accordance with Section 2.5;
- (b) The Assignment and Assumption of Lease respecting each Assigned Lease;
- (c) The Bill of Sale;
- (d) The Assignment and Assumption Agreement;
- (e) The Asset Demarcation Agreement;
- (f) The Interconnection Agreements;
- (g) The Escrow Agreement, if applicable;
- (h) The Easements;
- (i) If requested by Buyer, the Transition Services Agreement;
- (j) Copies of all Buyer Required Consents;
- (k) Evidence of Buyer's membership in NEPOOL or other evidence that Buyer has sufficient authority to sell the Facilities' electrical output into the wholesale market;
- (l) Buyer's Transfer Tax Declarations of Consideration required under New Hampshire RSA 78-B:10 and New Hampshire Department of Revenue Administration rules (Forms CD-57-P) and Inventory of Property Transfer Forms (Forms PA-34), together with Buyer's share of any taxes and other fees due thereunder;
- (m) All applicable exemption certificates with respect to Taxes that would otherwise be imposed with respect to the transactions contemplated by this Agreement;
- (n) The officer's certificate of Buyer required by Section 6.2(c);
- (o) A certificate of existence and good standing with respect to Buyer, as of a recent date, issued by the secretary of state or other appropriate Governmental Authority of the jurisdiction of Buyer's organization, and certificates of good standing and qualification or authorization to do business (or the equivalent certificates) with respect to Buyer, each as of a recent date, issued by the secretary of state or similar Governmental Authority in each other jurisdiction where the actions to be performed hereunder make such qualification or authorization necessary;
- (p) A copy, certified by the Secretary or an Assistant Secretary of Buyer, of limited liability company resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby;
- (q) A certificate of the Secretary or an Assistant Secretary of Buyer which shall identify by name and title and bear the signature of the officers of Seller authorized to execute and deliver this Agreement and the Related Agreements; and
- (r) All such other instruments or documents as Seller and its counsel may reasonably request in order to give effect to the transfer of the Acquired Assets or the assumption of the Assumed Liabilities as contemplated hereby or to otherwise facilitate the transactions contemplated by this Agreement and the Related Agreements.

Section 2.12 Guaranties. The executed Guaranties will be delivered to Seller simultaneously with the execution of this Agreement.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the Effective Date, except as set forth in the Schedules.

Section 3.1 Organization and Existence. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of New Hampshire. Seller is duly qualified or authorized to do business in each other jurisdiction in which the ownership or operation of the Acquired Assets make such qualification or authorization necessary, except in those jurisdictions where

the failure to be so duly qualified or authorized would not have a Material Adverse Effect. Schedule 3.1 lists each jurisdiction in which Seller is qualified to do business in connection with the Business.

Section 3.2 Authority and Enforceability. Seller has the corporate power and authority to execute and deliver this Agreement and the Related Agreements to which it is a party and, subject to receipt of the Seller Required Consents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. All corporate actions or proceedings to be taken by or on the part of Seller to authorize and permit the due execution and valid delivery by Seller of this Agreement and the Related Agreements to which it is a party, the performance by Seller of its obligations hereunder and thereunder, and the consummation by Seller of the transactions contemplated hereby and thereby have been duly and properly taken. This Agreement has been duly executed and delivered by Seller and, assuming the due authorization, execution and delivery by Buyer and receipt of the Seller Required Consents, constitutes the valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law. When each Related Agreement to which Seller is a party has been duly executed and delivered by Seller, assuming the due authorization, execution and delivery by each other party thereto and receipt of the Seller Required Consents, such Related Agreement will constitute the valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

Section 3.3 No Conflicts; Consents and Approvals. Assuming all of the Consents of the Governmental Authorities and other Persons set forth on Schedule 3.3 (the "Seller Required Consents") have been obtained, and assuming the truth and accuracy of Buyer's representations and warranties set forth herein, the execution and delivery by Seller of this Agreement and the Related Agreements to which it is or will be a party do not and will not, the performance by Seller of its obligations hereunder and thereunder will not, and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Organizational Documents of Seller;

(b) (i) conflict with, result in a breach of, constitute a default under, result in the acceleration of, or create in any Person the right to accelerate, terminate, modify, revoke, suspend or cancel (with or without giving of notice, the lapse of time or both), any Material Contract to which Seller is bound or to which any of the Acquired Assets is subject, (ii) conflict with or result in a violation or breach of any Law or material Permit to which Seller or any of the Acquired Assets is subject, or (iii) require the Consent of any Governmental Authority under any applicable Law; or

(c) result in the imposition or creation of any Lien on any Acquired Asset, other than any Permitted Lien.

Section 3.4 Legal Proceedings. Except as set forth on Schedule 3.4, there is no Claim pending or, to Seller's Knowledge, threatened against Seller (a) that, if adversely determined against Seller would, individually or in the aggregate, reasonably be expected to materially and adversely affect Seller, the Business or the Acquired Assets, or (b) that, as of the Closing Date, seeks an Order restraining, enjoining or otherwise prohibiting or making illegal any of the transactions contemplated hereby. Except as set forth on Schedule 3.4, neither Seller nor any of the Acquired Assets are bound by any Order (other than any Order of general applicability) that would, individually or in the aggregate, reasonably be expected to materially and adversely affect Seller, the Business or the Acquired Assets. As of the Closing Date, Seller is not subject to any Order that prohibits the consummation of the transactions contemplated by this Agreement. Seller has not received from any Person a Claim in writing that Seller or any of its Affiliates' use of the Assigned Intellectual Property infringes on the Intellectual Property of such Person nor, to Seller's Knowledge, has any such Claim been threatened. None of the representations and warranties set forth in this Section 3.4 shall be deemed to relate to (i) Tax matters, which are addressed in Section 3.10, (ii) environmental matters, which are addressed in Section 3.11, (iii) employment and labor matters, which are addressed in Section 3.12, or (iv) employee benefits matters, which are addressed in Section 3.13.

Section 3.5 Compliance with Laws; Permits.

(a) Except as set forth on Schedule 3.5(a), Seller is (and has been for the last two years with respect to FERC and NERC Laws only), and the Business and the Acquired Assets are owned, operated and maintained, in compliance in all material respects with all Laws applicable to it, the Business and the Acquired Assets and in the last two years, Seller has not received written notice or, to Seller's Knowledge, any threat from ISO-NE, NERC or any Governmental Authority alleging any material non-compliance with Laws or orders applicable to it.

(b) Schedule 3.5(b) lists all Permits (other than Environmental Permits) that are material to the ownership and operation of the Acquired Assets, and identifies those material Permits that are Transferable Permits. The Permits listed in Schedule

3.5(b) are in full force and effect, except to the extent that the failure of such Permits to be in full force and effect would not, individually or in the aggregate, reasonably be expected to have a material and adverse effect on the operation or ownership of each Facility individually or in the aggregate. Seller is in compliance in all material respects with the terms and conditions of all Permits listed in Schedule 3.5(b).

(c) None of the representations and warranties set forth in this Section 3.5 shall be deemed to relate to (i) Tax matters, which are addressed in Section 3.10, (ii) environmental matters, which are addressed in Section 3.11, (iii) employment and labor matters, which are addressed in Section 3.12, or (iv) employee benefits matters, which are addressed in Section 3.13.

Section 3.6 Title to Acquired Assets. Except for the Mortgage Indenture (which will be discharged at or prior to Closing), the Assigned Leases and the Permitted Liens, Seller has (x) title to each Site, to the extent, and only to the extent, specified in the title policy commitments referred to on Schedule 3.6 (the “**Title Commitments**”); (y) good and marketable title to, and valid leases, licenses or other rights to use, as applicable, all tangible personal property free and clear of any Liens and (z) the necessary ownership rights, valid leases and licenses or other rights, as applicable, to all other Acquired Assets (excluding tangible personal property) free and clear of any Liens, in each case that are material to the conduct of the Business and the ownership, use, operation, maintenance, repair and replacement of any of the Acquired Assets.

Section 3.7 Assets Used in Operation of the Facilities.

(a) Except as set forth in Schedule 3.7(a), (i) the Acquired Assets constitute all of the material assets necessary for use in connection with the operation of the Business as (x) currently operated by Seller, (y) otherwise required for Seller to comply with all Transferrable Permits and Material Contracts, and (z) required by applicable Law; and (ii) all Acquired Assets that constitute tangible personal property are currently located at (or are in transit to) the Facilities and no such Acquired Assets intended for the Facilities are being held by Third Parties.

(b) Except as set forth on Schedule 3.7(b-1), (i) the Interconnection Agreements and the Acquired Assets constitute all of the assets necessary for Buyer to connect each Facility to the grid operated by ISO-NE through the T&D Assets; (ii) the portion of the Acquired Assets that is necessary or desirable for use in connection with each Interconnection Agreement meets and satisfies Seller’s specifications and requirements for T&D Operations and no transmission upgrades are required; and (iii) upon execution, the Interconnection Agreements will be sufficient to ensure each Facility has access to a Pool Transmission Facility (as defined in the ISO-NE Tariff) administered by ISO-NE without the need for any modifications to the transmission system and without incurring any local network service charges for transmission. Notwithstanding anything to the contrary in the existing interconnection agreements for Merrimack and Schiller or the proposed interconnection agreements for Newington, White Lake and Lost Nation, to Seller’s Knowledge, no further studies or analyses are required under or pursuant to such interconnection agreements. Schedule 3.7(b-2) sets forth Seller’s expectations with respect to certain equipment and services used in the operation of the Facilities.

(c) To Seller’s Knowledge, the only Acquired Assets requiring or containing any material credit support obligations by Seller or its Affiliates in connection with the Business for the benefit of any Third Party, including ISO-NE, are the Merrimack Landfill Trust, NHDES Groundwater Management Permits GWP-100112013-004, GWP-198400065-B-006, GWP-198404088-P-002, GWP-199112013-N-003, Standard Large Generator Interconnection Agreement, dated May 31, 2010, by and between ISO-NE and Seller, Master Delivered Petroleum Products Sales Agreement, dated August 4, 2015, between Sprague Operating Resources LLC and Seller, Base Contract for Sale and Purchase of Natural Gas, dated November 1, 2011, between Emera Energy Services, Inc. and Seller, Distillate Fuel Oil Agreement, dated February 7, 2017, between C.N. Brown Company and Seller, REC Purchase Agreement, dated as of January 30 2014, between Seller and United Illuminating Co., and REC Purchase Agreement, dated as of January 20, 2014, between Seller and Connecticut Light and Power Co.

Section 3.8 Material Contracts.

(a) The Material Contracts set forth on Schedule 2.1(e) include the Contracts meeting the following criteria to which Seller is a party and used in connection with the operation of the Business or by which any of the Acquired Assets may be bound:

- (i) Contracts for the future purchase, exchange or sale of fuel oil or other fuel for a Facility;
- (ii) Contracts for the future purchase, exchange or sale of electric power or ancillary services;
- (iii) Contracts for the future transportation of fuel oil or other fuel for a Facility;
- (iv) Contracts for the future transmission of electric power;
- (v) interconnection Contracts, including the Interconnection Agreements;

(vi) Contracts for the future purchase, exchange, transmission or sale of electric power in any form, including energy, capacity, Environmental Attributes or any ancillary services;

(vii) other than Contracts of the nature addressed by Section 3.8(a)(i) to Section 3.8(a)(ii), Contracts (A) for the purchase or sale of any Acquired Asset (by merger or otherwise) or that grant a right or option to purchase or sell any Acquired Asset (including by merger or otherwise), other than in each case Contracts relating to the Acquired Assets or services with a nominal value of less than Two Hundred Fifty Thousand Dollars (\$250,000) individually or One Million Dollars (\$1,000,000) in the aggregate and (B) for the provision or receipt of any services or that grant a right or option to provide or receive any services, other than in each case Contracts relating to services with a nominal value of less than Two Hundred Fifty Thousand Dollars (\$250,000) individually or One Million Dollars (\$1,000,000) in the aggregate;

(viii) Contracts under which (A) Seller has imposed a security interest on any of the Acquired Assets, tangible or intangible (excluding the Mortgage Indenture) and (B) any credit support has been issued in favor Seller relating to any of the Acquired Assets or the operation of the Business, including, without limitation, letters of credit or any guaranties;

(ix) Contracts of guaranty, indemnity, surety or similar obligation, direct or indirect, by Seller that affect, are related to, or otherwise encumber or may be reasonably expected to encumber any of the Acquired Assets, other than Contracts entered into in the ordinary course of business that include standard indemnity provisions;

(x) collective bargaining Contracts and employment Contracts;

(xi) outstanding futures, swap, collar, put, call, floor, cap, option or other Contracts that are intended to benefit from or reduce or eliminate the risk of fluctuations in interest rates or the price of commodities, including electric power, in any form, including energy, capacity or any ancillary services, natural gas, oil or securities;

(xii) partnership, joint venture, licensing arrangement (other than in respect of Intellectual Property) or limited liability company agreements or Contracts for sharing profits;

(xiii) real property leases and any ground leases relating to, or affecting, any of the Acquired Assets and property tax agreements;

(xiv) Contracts that purport to limit Seller's freedom to compete in any line of business or in any geographic area;

(xv) any Contract between Seller, on the one hand, and any Affiliate of Seller, or any current officer, director or manager of Seller or any Affiliate, on the other hand, in each case related to the Business or any of the Acquired Assets, all of which shall be terminated or modified to exclude the Acquired Assets as of the Closing Date (but excluding the Assigned Intercompany Agreements); and

(xvi) any Contract entered into with a Governmental Authority.

(b) Except as described on Schedule 3.8(b), Seller has provided Buyer with accurate and complete copies of all Material Contracts, including all amendments, modifications and waivers related thereto.

(c) Except as described in Schedule 3.8(c), and assuming all Seller Required Consents required in connection with each Material Contract are obtained prior to Closing, (i) each Material Contract (except to the extent such Material Contract terminates or expires after the Effective Date in accordance with its terms) is in full force and effect and is a valid and binding obligation of Seller and, to Seller's Knowledge, of the other parties thereto, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether considered in a proceeding in equity or at law, (ii) neither Seller nor, to Seller's Knowledge, any other party thereto, is in violation of or default under any Material Contract, (iii) each Material Contract may be assigned to Buyer pursuant to this Agreement without breaching the terms thereof or resulting in the forfeiture or impairment of any material rights thereunder, and (iv) Seller has not received written notice from nor, to Seller's Knowledge, any threat that, any other party to a Material Contract intends to terminate a Material Contract.

Section 3.9 Insurance. The Acquired Assets are insured to the extent specified under the material insurance policies listed on Schedule 3.9. No written notice of cancellation or termination has been received by Seller with respect to any such policy that has not been replaced on substantially similar terms prior to the date of such cancellation or termination. Schedule 3.9 sets forth a list of all pending claims that have been made under any such policy with respect to the Acquired Assets. Except as described in Schedule 3.9, Seller has not been refused any material insurance with respect to the Acquired Assets, nor has coverage with respect to the Acquired Assets been limited in any material respect by any insurance carrier to which Seller has applied for any such insurance or with which it has carried insurance, in each case, during the preceding twelve (12) month period.

Section 3.10 Taxes. Seller has filed all material Tax Returns that it was required to file with respect to the Acquired Assets or its operation thereof and has paid all Taxes that have become due as indicated thereon and all Taxes due in the absence of a Return (except where Seller is contesting such Taxes in good faith by appropriate proceedings). There is no unpaid Tax due and payable that would reasonably be expected to result in a lien on all or any part of the Acquired Assets or for which Buyer could become liable. Except as set forth on Schedule 3.10, there is no audit or other Claim now pending with respect to any material Tax respecting the Acquired Assets, including without limitation any claim regarding or based on the valuation of all or any part of the Acquired Assets. Except as set forth in the Settlement Agreement or on Schedule 3.10, there is no agreement, treaty or settlement regarding the valuation of all or any part of the Acquired Assets or any Taxes payable in respect thereof. No part of the Acquired Assets is located within any so-called “tax increment financing” district or special assessment district or is otherwise subject to assessment other than in accordance with generally applicable provisions of New Hampshire Law. Notwithstanding any other provision of this Agreement to the contrary, this Section 3.10 contains the sole and exclusive representations and warranties of Seller relating to Tax matters.

Section 3.11 Environmental Matters.

(a) Schedule 3.11(a) lists all Environmental Permits that are material to the ownership and operation of the Acquired Assets, and identifies those material Environmental Permits that are Transferable Permits; all Environmental Permits necessary for the operation of the Acquired Assets are transferrable. Except as set forth on Schedule 3.11(a), the Environmental Permits listed in Schedule 3.11(a) are in full force and effect.

(b) Except as disclosed on Schedule 3.11(b), during the previous six (6)-year period, with respect to the Acquired Assets: (i) Seller has not received any written notice from any Governmental Authority that it is not in material compliance with Environmental Laws, that it failed to obtain or timely apply for the renewal of any material Environmental Permits, or that it is not in material compliance with any Environmental Permit; (ii) there is no proceeding pending or, to Seller’s Knowledge, threatened, to revoke, prevent the renewal of, rescind, modify, refuse to renew or limit any material Environmental Permit, nor has Seller received any written notice from any Governmental Authority with respect to same; (iii) Seller has not received any written notice from any Governmental Authority that any Acquired Asset is listed under the Comprehensive Environmental Response, Compensation Liability Information Systems or any similar state list; (iv) Seller has not received written notice from any Person alleging Liability for any Environmental Claims and no Environmental Claims are pending or, to Seller’s Knowledge, threatened, against Seller by any Governmental Authority under any Environmental Laws; (v) Seller was not required by any applicable Environmental Laws to place any use or activities restrictions or any institutional controls on any Acquired Assets; and (vi) except as authorized by applicable Environmental Permits, to Seller’s Knowledge there has been no Release or threatened Release of any Hazardous Substances from any Real Property. Except as described in Schedule 3.11(b), Seller has no Knowledge of any matters which could give rise to material Environmental Liabilities.

(c) Seller has provided to Buyer copies of all material reports and investigations within its possession or control regarding the environmental condition of the Acquired Assets that are required to be maintained by the operator of the Facilities pursuant to applicable Law or relate to the un-permitted Release of Hazardous Substances.

(d) During the previous six (6)-year period, to Seller’s Knowledge Seller has not sent or disposed of Hazardous Substances to or at a site which, pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act or any similar state law, has been listed or proposed for listing on the National Priorities List or its state equivalent.

(e) Seller has provided Buyer with a true and complete copy of the Removal Contract. Except as set forth in Schedule 3.11(e), the Removal Contract is in full force and effect, the work thereunder is being timely performed in accordance with its terms, and neither Eversource Services, Seller, or to Seller’s Knowledge, the Removal Contractor are in default of their respective obligations thereunder.

(f) Notwithstanding any other provision of this Agreement to the contrary, this Section 3.11 contains the sole and exclusive representations and warranties of Seller relating to Environmental Laws, Environmental Permits, Hazardous Substances or other environmental matters.

Section 3.12 Employment and Labor Matters.

(a) Schedule 3.12(a) sets forth (i) a list, organized by job classification at each Facility, of all employees of Seller who are represented by the Union and employed under the terms of the Generation CBA, and who are primarily employed in the operation or support of the Facilities, including all such employees who are on inactive status due to any short-term disability, long-term disability or other approved leave or on layoff status as of the Effective Date (the “**Represented Scheduled Employees**”), and (ii) a list of all other employees of Seller or Eversource Service who are primarily employed in the operation or support of the Facilities as of the Effective Date, but are not represented by the Union (the “**Non-Represented Scheduled Employees**” and, together with the

Represented Scheduled Employees, the “**Scheduled Employees**”), which list shall be amended during the Interim Period to reflect any changes thereto, to the extent such changes are not in violation of any applicable covenants in this Agreement. For each Scheduled Employee, Seller has provided Buyer the following information: employer; name; job title; job classification; facility or operating unit; date of commencement of employment; details of leave of absence or layoff; exempt or non-exempt status; full-time or part-time status; status as temporary if applicable; rate of compensation; bonus, commission or incentive compensation arrangement; a description of the medical/dental/vision/life insurance, pension, retirement and other benefits provided to the employee; accrued vacation, personal and sick time; years of service; and service credited for purposes of vesting and eligibility to participate under any Benefit Plan. Each Scheduled Employee classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws is properly classified.

(b) The Generation CBA is the only collective bargaining agreement to which Seller is a party and which governs terms and conditions of employment of any Scheduled Employees listed in part (i) of Schedule 3.12(a), and Seller is not a party to or bound by any other collective bargaining agreement that is applicable to any Scheduled Employee. Seller has provided Buyer with a true and complete copy of the Generation CBA in effect as of the Effective Date. Except as described in Schedule 3.12(b): (i) there has not been in the preceding two (2) year period, there is not presently pending or existing, and to Seller’s Knowledge there is not threatened any strike, work slowdown, informational picketing activity, lockout, work stoppage, employee grievance process or labor dispute at any of the Facilities; (ii) Seller is, and for the preceding three (3) year period has been, in material compliance with all applicable Laws respecting employment and employment practices, equal employment opportunity, nondiscrimination, harassment, retaliation, family and medical leave obligations, workers compensation, unemployment compensation, immigration, benefits, COBRA and similar state laws, labor relations, worker classification, collective bargaining, the WARN Act and similar state and local laws, workforce reductions, plant closings, uniformed services employment and reemployment rights, occupational health and safety, affirmative action, terms and conditions of employment and wages and hours with respect to the Scheduled Employees; (iii) Seller is not currently subject to any pending, or to Seller’s Knowledge, threatened, unfair labor practice charge or complaint against Seller before the National Labor Relations Board with respect to the Scheduled Employees; (iv) Seller is not the subject of any pending or to Seller’s Knowledge threatened Claim or grievance pertaining to labor relations or employment matters including any charge or complaint filed with any Governmental Body with respect to the Scheduled Employees; (v) there are no pending, or to Seller’s Knowledge, threatened, claims against Seller under any workers compensation plan or policy or for long term disability with respect to the Scheduled Employees; (vi) there are no grievance or arbitration proceeding arising out of or under the Generation CBA pending, or to Seller’s Knowledge threatened, against Seller with respect to the Scheduled Employees; and (vii) Seller is in compliance in all material respects with the Generation CBA and all other contracts with respect to the Scheduled Employees. Seller is not liable for any arrears of wages or unpaid wages or the payment of any Taxes, fines, penalties, damages or other amounts, however designated, for failure to comply with any of the foregoing Laws or legal requirements with respect to the Scheduled Employees.

(c) Schedule 3.12(c) sets forth: (i) a list with the name, responsibilities, and inclusive dates of engagement of every independent contractor of Seller or Eversource Service who, as of the Effective Date, provides individual services related to the operation or support of the Facilities (and Seller has provided Buyer with copies of each agreement with such independent contractors to which Seller or Eversource Service is a party); and (ii) a list with the name of each staffing or employee leasing agency/company with whom Seller or Eversource Service has an agreement or arrangement, as of the Effective Date, for temporary or leased employees to provide services related to the operation or support of the Facilities (and Seller Parties have provided Buyer with copies of each such agreement), the number of temporary employees at each Facility performing services for Seller through each such agency/company, and the type of services provided or position(s) filled. Seller is not liable for any arrears of payments to such independent contractors or temporary employees or the payment of any Taxes, fines, penalties, damages or other amounts for failure to comply with any Laws pertaining to independent contractors or temporary employees.

(d) Notwithstanding any other provision of this Agreement to the contrary, this Section 3.12 contains the sole and exclusive representations and warranties of Seller relating to employment and labor matters.

Section 3.13 Employee Benefit Plans. Schedule 3.13 lists, as of the Effective Date, all Employee Benefit Plans established, sponsored, maintained or contributed to (or required to be contributed to) by Seller in respect of the Scheduled Employees. True and complete copies of all such Employee Benefit Plans have been Made Available to Buyer. Seller does not contribute to, and has no obligation to contribute to, a “multiemployer plan” within the meaning of Section 3(37) of ERISA. No liability under Title IV or Section 302 of ERISA or Section 412 of the Code has been incurred by Seller with respect to the Scheduled Employees that has not been satisfied in full, and to Seller’s Knowledge no condition exists that presents a material risk to Seller of incurring any such liability, other than liability for premiums due the Pension Benefit Guaranty Corporation, which premiums have been paid. Notwithstanding any other provision of this Agreement to the contrary, this Section 3.13 contains the sole and exclusive representations and warranties of Seller relating to employee benefits matters.

Section 3.14 Condemnation. Seller has received no written notice from any Governmental Authority of any pending or threatened proceeding to condemn or take by power of eminent domain or otherwise, by any Governmental Authority, all or any part of the Acquired Assets having a Condemnation Value exceeding the Condemnation Threshold.

Section 3.15 Financial Information. Set forth on Schedule 3.15 are true and complete copies of segregated historical financial information relating to the Acquired Assets dated as of June 30, 2017, prepared by or on behalf of senior management of Seller. The Parties acknowledge that the limited balance sheet financial information provided on Schedule 3.15 is a good faith estimate not maintained in the ordinary course and is not prepared in accordance with GAAP, provided that the fuel, limestone and allowances inventory quantities set forth on Schedule 3.15 are, as of June 30, 2017, true, accurate, and complete in all material respects, and represent all Inventory of a quality and quantity that is usable in the operation of the Business as currently conducted by Seller. The Parties acknowledge that the limited operating expenses and capital expenditure information provided on Schedule 3.15 is a good faith estimate not maintained in the ordinary course of the Business and is not prepared in accordance with GAAP, provided that such information for the four-year period from January 1, 2013 through December 31, 2016 is, in all material respects, true, accurate and complete representations of amounts related to the Acquired Assets as captured in the Seller's accounting system, and this information is a portion of the books and records from which Seller's complete and consolidated audited financial statements are prepared.

Section 3.16 Absence of Certain Changes. Except as set forth on Schedule 3.16, from December 31, 2016, Seller has operated the Business, including the Acquired Assets, in all material respects in the ordinary course of business consistent with past practices. Since December 31, 2016, there has not occurred any set of circumstances individually or in the aggregate that has or could be reasonably expected to result in a Material Adverse Effect.

Section 3.17 Real Property.

(a) Schedule 2.1(a) lists all of the Sites used by Seller in connection with Seller's operation of the Business.

(b) Seller has exclusive possession of all Sites and Facilities necessary or desirable for the operation of each Facility and the Business except for (A) the rights of others in accordance with Permitted Liens; (B) such possession which would not materially deny, diminish, restrict or interfere with the Seller's or, after Closing, Buyer's right to use, operate, and maintain the Sites and Facilities as currently operated; and (C) as otherwise noted on Schedule 2.1(a).

(c) Except for Permitted Liens or as set forth on Schedule 2.1(a) or Schedule 2.1(e), (i) with respect to each Site and Facility, Seller has not leased or otherwise granted any Person the right to use or occupy such Property or any material portion thereof that is still in effect and (ii) Seller has not granted any outstanding options, rights of first refusal, rights of first offer, rights of reverter or other third party rights to purchase any of the Property. To Seller's Knowledge, except for Permitted Liens, there are no unrecorded Liens, easements, restrictions, covenants, licenses or other matters affecting the Property.

(d) Schedule 2.1(a), Schedule 2.1(b), Schedule 2.1(e) and the Easement Plans set forth a complete list of all leases, easements and access agreements used by Seller in the conduct of the Business (the "**Real Property Agreements**"). Except as set forth in such schedules and Easement Plans, each Real Property Agreement is in full force and effect in all material respects and constitutes a valid and binding obligation of Seller and, to Seller's Knowledge, of the other parties thereto.

(e) Except as set forth on Schedule 3.17(e), Seller is not in breach or default in any material respect under any Real Property Agreement, and to Seller's Knowledge, no other party to any of the Real Property Agreement is in breach or default in any material respect thereunder.

(f) Except for Permitted Liens or as otherwise set forth on Schedule 3.17(f), Seller has not subleased or otherwise granted to any Person the right to use or occupy any property leased under any Real Property Agreements.

(g) Seller has good and valid rights in the Real Property Agreements to which it is a party, free and clear of Liens, except Permitted Liens.

(h) All Sites and Facilities have access to and use of such public utilities as are necessary for the operation of the Business as currently conducted by Seller and no public utility has, to Seller's Knowledge, threatened to discontinue or curtail such services.

Section 3.18 Regulatory Status. Seller is a "public utility" under New Hampshire RSA 362:2 and is subject to regulation as such by the NHPUC. Seller is an "electric utility company" that is a "subsidiary company" of a "holding company" which is registered under (and as those terms are defined in) the Public Utility Holding Company Act of 2005, is a "public utility" under (and as that term is defined in) the Federal Power Act, and is subject to regulation as such by FERC. Except as set forth on Schedule 3.18, each Facility is registered with NERC.

Section 3.19 Brokers. Except for the fees and expenses of J.P. Morgan Securities LLC, for which Seller is solely responsible, Seller does not have any Liability to pay fees or commissions to any broker, finder or agent with respect to the transactions

contemplated by this Agreement or the Related Agreements for which Buyer could become liable or obligated.

Section 3.20 Complete Copies. True and complete copies of the Material Contracts, the Assigned Leases, the Transferable Permits and the Generation CBA have been Made Available to Buyer.

Section 3.21 Capacity Markets; Winter Reliability Program.

(a) Schedule 3.21(a) sets forth for each Facility its (i) Capacity Supply Obligations and Qualified Capacity with respect to the Facility as established by ISO-NE for each Capacity Commitment Period associated with any of Forward Capacity Auctions #8, #9, #10, and #11, in each case after accounting for any reconfiguration auctions, bilateral transactions, or other adjustments; (ii) all information with respect to any de-list bids submitted to ISO-NE with respect to the Facility in connection with any Forward Capacity Auctions for which Capacity Supply Obligations have not yet been awarded; and (iii) for each Capacity Commitment Period associated with any of Forward Capacity Auctions #7, #8, #9, #10, and #11 the summer and winter Seasonal Claimed Capabilities and Capacity Network Resource Capabilities of the Facility as formally recognized or determined by ISO-NE and the instrument used to identify Capacity Network Resource Capability. For purposes of this Section 3.21(a), capitalized terms used in this subsection but not defined in this Agreement have the meaning given them in the ISO-NE Tariff.

(b) Except as set forth on Schedule 3.21(b), the capacity allocated to any Capacity Supply Obligations and any revenues expected from ISO-NE therefrom have not been pledged, encumbered or committed by Seller, except for any pledge, encumbrance or commitment that will be released at or prior to Closing.

(c) Except as set forth on Schedule 3.21(c), Seller has not received written notice or, to Seller's Knowledge, other notice, from ISO-NE of a Qualified Capacity Reduction.

(d) Schedule 3.21(d) sets forth for each Facility the obligations undertaken with respect to ISO-NE's 2017-18 Winter Reliability Program and the anticipated revenue from such undertaking, as reflected by any notifications, awards or orders from ISO-NE or FERC regarding the nature of such obligations or any anticipated revenue therefrom. Seller has received no written notice or, to Seller's Knowledge, other notice, from ISO-NE determining that any revenue set forth on Schedule 3.21(d) will be reduced, except as according to the rules of Appendix K of Section III of the ISO New England Transmission, Markets and Services Tariff, including its Performance Adjustment.

Section 3.22 Exclusive Representations and Warranties. It is the explicit intent of each Party hereto that Seller is not making any representation or warranty whatsoever, express or implied, respecting the Business, the Acquired Assets, the Assumed Liabilities or the transactions contemplated by this Agreement and the Related Agreements, except those representations and warranties expressly set forth in this Article III, the Related Agreements or under any certificates delivered by Seller in connection with the Closing.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller that the statements contained in this Article IV are true and correct as of the Effective Date.

Section 4.1 Organization and Existence. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Buyer is duly qualified or authorized to do business in each other jurisdiction where the actions to be performed hereunder make such qualification or authorization necessary.

Section 4.2 Authority and Enforceability. Buyer has the limited liability company power and authority to execute and deliver this Agreement and the Related Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. All limited liability company actions or proceedings to be taken by or on the part of Buyer to authorize and permit the due execution and valid delivery by Buyer of this Agreement and the Related Agreements to which it is a party, the performance by Buyer of its obligations hereunder and thereunder, and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and properly taken. This Agreement has been duly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by Seller, constitutes the valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law. When each Related Agreement to which Buyer is a party has been duly executed and delivered by Buyer, assuming the due authorization, execution and delivery by each other party thereto, such Related Agreement will constitute the valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization,

moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

Section 4.3 Noncontravention. The execution and delivery by Buyer of this Agreement and the Related Agreements to which it is or will be a party do not and will not, the performance by Buyer of its obligations hereunder and thereunder will not, and the consummation of the transactions contemplated hereby and thereby will not:

(a) Conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Organizational Documents of Buyer;

(b) Conflict with, result in a breach of, constitute a default under, result in the acceleration of, or create in any Person the right to accelerate, terminate, modify, revoke, suspend or cancel (with or without giving of notice, the lapse of time or both), any Contract to which Buyer is bound or to which any of its assets is subject, except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Buyer's ability to perform its obligations hereunder; or

(c) Assuming all of the Consents of the Governmental Authorities set forth on Schedule 4.3(c) (the "**Buyer Required Consents**") have been obtained in form and substance reasonably satisfactory to Buyer, (i) conflict with or result in a violation or breach of any Law, Order or Permit to which Buyer or any of its assets is subject, or (ii) require the Consent of any Governmental Authority under any applicable Law; except, in the case of each of clauses (i) and (ii), as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Buyer's ability to perform its obligations hereunder.

Section 4.4 Legal Proceedings. Buyer has not been served with notice of any Claim and no Claim is pending or, to Buyer's knowledge, threatened, against Buyer (a) that seeks an Order restraining, enjoining or otherwise prohibiting or making illegal any of the transactions contemplated hereby or (b) that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on Buyer's ability to perform its obligations hereunder. Buyer is not bound by any Order that prohibits the consummation of the transactions contemplated by this Agreement or that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on Buyer's ability to perform its obligations hereunder.

Section 4.5 Compliance with Laws. Buyer is not in violation of any Law applicable to Buyer or its assets the effect of which, individually or in the aggregate, would reasonably be expected to have a material adverse effect on Buyer's ability to perform its obligations hereunder.

Section 4.6 Brokers. Except for the fees and expenses of Guggenheim Securities, LLC, for which Buyer is solely responsible, neither Buyer nor any of its Affiliates has any Liability to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Seller or its Affiliates could become liable or obligated.

Section 4.7 Availability of Funds. Buyer has, and at the Closing will have, (a) cash on hand or other sources of immediately available funds in amounts sufficient to pay the full amount of the Purchase Price as well as any related fees, costs and expenses incurred by Buyer in connection with the transactions contemplated hereby, and (b) the resources and capabilities (financial or otherwise) to perform its obligations (including the Assumed Liabilities) under this Agreement and any Related Agreements. Buyer acknowledges and agrees that, notwithstanding anything to the contrary contained herein, its obligation to consummate the transactions contemplated hereby is not subject to Buyer or any of its Affiliates obtaining any financing, or to any other contingency or condition respecting financing or availability of funds.

Section 4.8 Qualified Buyer. Buyer is qualified to obtain any Permits necessary for Buyer to own and operate the Acquired Assets as of the Closing, to the extent such operation is either required by any Related Agreement or this Agreement, or is contemplated by Buyer.

Section 4.9 Governmental Approvals. As of the Effective Date, neither Buyer nor any of its Affiliates is a party to any Contract respecting the construction, development, acquisition, ownership or operation of any power facility or related asset that would reasonably be expected to cause a delay in any Governmental Authority's granting of a Buyer Required Consent or Seller Required Consent, and neither Buyer nor any of its Affiliates has any plans or has engaged in any discussions to enter into any such Contract prior to the Closing Date.

Section 4.10 WARN Act. Buyer does not intend, with respect to the Acquired Assets or Transferred Employees, to engage in a "plant closing" or "mass layoff," as such terms are defined in the WARN Act, within sixty (60) days after the Closing Date.

Section 4.11 Independent Investigation. Buyer is a sophisticated Person, knowledgeable about the industry in which Seller operates, experienced in investments in such businesses, and able to bear the economic risks associated with the transactions contemplated by this Agreement and the Related Agreements. Buyer has such knowledge and experience as to be aware of the risks

and uncertainties inherent in the acquisition of the Acquired Assets, the assumption of the Assumed Liabilities, and the rights and obligations of the type contemplated in this Agreement. Buyer has conducted to its satisfaction, independently and without reliance on Seller or its Representatives (except to the extent that Buyer has relied on the representations and warranties of Seller set forth in Article III hereof), its own investigation, review and analysis of the Facilities, the Acquired Assets and the Assumed Liabilities, and based on such investigation, review and analysis, has formed an independent judgment concerning the assets, Liabilities, condition, operations and prospects of the Acquired Assets and the ownership and operation thereof. In making its decision to execute this Agreement and the Related Agreements and to enter into the transactions contemplated hereby and thereby, Buyer has relied and will rely solely upon the results of such independent investigation, review and analysis and the terms and conditions of this Agreement and the Related Agreements. Buyer acknowledges that it has had reasonable and sufficient access to the Facilities, the Acquired Assets and documents and other information and materials in connection therewith, that all documents and other information and materials requested by Buyer have been provided to Buyer to its satisfaction, and that it and its Representatives have had the opportunity to meet with the personnel and Representatives of Seller to discuss and ask questions concerning the foregoing.

Section 4.12 Disclaimer Regarding Projections. Buyer may be in possession of certain plans, projections and other forecasts regarding the Acquired Assets and the Assumed Liabilities, including estimates, budgets of future revenues, expenses or expenditures, projections of future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof). Buyer acknowledges that there are substantial uncertainties inherent in attempting to make such plans, projections and other forecasts, that Buyer is familiar with such uncertainties, that Buyer is taking full responsibility for making its own independent evaluation of the adequacy and accuracy of all plans, projections and other forecasts so furnished to it, and that Buyer shall have no claim against Seller, its Affiliates or their respective Representatives with respect thereto. Accordingly, Buyer acknowledges that without limiting the generality of this Section 4.12, neither Seller nor any of its Affiliates has made any representation or warranty with respect to such plans, projections or other forecasts.

ARTICLE V COVENANTS

Section 5.1 Closing Conditions. From the Effective Date until the Closing (the “**Interim Period**”), subject to the terms and conditions of this Agreement, each Party shall use its commercially reasonable efforts to take such actions as are necessary, proper or advisable in order to expeditiously consummate and make effective the transactions contemplated by this Agreement and the Related Agreements (including satisfaction, but not waiver, of those closing conditions set forth in Article VI).

Section 5.2 Notices, Consents; Approvals and Related Agreements. During the Interim Period:

(a) Subject to Section 5.2(c), during the Interim Period, each Party will and will cause its respective applicable Affiliates to, in order to consummate the transactions contemplated by this Agreement and the Related Agreements, provide reasonable cooperation to the other Party, and proceed diligently and in good faith and use all commercially reasonable efforts, as promptly as practicable, to (i) obtain the Buyer Required Consents and the Seller Required Consents, (ii) make all required filings with, and give all required notices to, the applicable Governmental Authorities or other Persons required to consummate the transactions contemplated by this Agreement and the Related Agreements, and (iii) cooperate in good faith with the applicable Governmental Authorities or other Persons and promptly provide such other information and communications to such Governmental Authorities or other Persons as such Governmental Authorities or other Persons may reasonably request in connection with the foregoing. The Parties will provide prompt notification to each other when any such Consent referred to in this Section 5.2(a) is obtained, taken, made, given or denied, as applicable, and will, subject to Section 5.2(b), promptly advise each other of any material communications (in oral or written form) with any Governmental Authority or other Person regarding any of the transactions contemplated under this Agreement or the Related Agreements. Each Party will pay any fees and expenses associated with obtaining any Consent from a Governmental Authority as may be imposed by applicable Law, provided that if applicable Law does not impose the fees or expenses on a Party, the Parties shall equally share the cost of such fees or expenses.

(b) In furtherance of the covenants set forth in Section 5.2(a):

(i) As soon as practicable following the Effective Date, Buyer and Seller shall prepare all necessary filings in connection with the transactions contemplated by this Agreement and the Related Agreements that may be required to be filed by such Party with applicable Governmental Authorities or under any applicable Laws. Such filings shall be submitted as soon as practicable following the Effective Date, but in no event later than thirty (30) days thereafter (subject to extension by mutual written agreement). The Parties shall (A) request expedited treatment of any such filings (where applicable), (B) subject to applicable Law and the instructions of any Governmental Authority, keep each other apprised of the status of matters relating to such filings, including by promptly furnishing each other with copies of any notices, correspondence or other written communication from the relevant Governmental Authority, (C) promptly make any appropriate or necessary subsequent or supplemental filings, submissions or responses to any Governmental Authority, and (D) cooperate in the preparation of such filings, submissions or responses as is reasonably necessary and appropriate, including by making available to the other Party

such information as the other Party may reasonably request in order to complete such filings or respond to information requests by any Governmental Authority. Prior to making any material filing, submission, response or other communication to any Governmental Authority (or members of their respective staffs) in oral or written form, each Party will permit the other Party (or its counsel) a reasonable opportunity to review and provide comments on such proposed filing, submission, response or other communication, and will consult with and consider in good faith the views of the other Party in connection therewith. Each Party will consult with the other Party in advance of any material meeting or conference (in person or by telephone) with any such Governmental Authority, and to the extent not prohibited by Law or such Governmental Authority, give the other Party the opportunity to attend and to participate in such meetings and conferences. Notwithstanding the foregoing, neither Buyer nor Seller shall be obligated to share any information, filing, submission or response with the other Party if a Governmental Authority objects to the sharing of such information, filing, submission or response or if prohibited by applicable Law.

(ii) The Parties shall not, and shall cause their respective Affiliates not to, take any action that would reasonably be expected to materially adversely affect or delay the Consent of any Governmental Authority with respect to any of the filings referred to in Section 5.2(a) or with respect to the divestiture of the Hydro Business.

(iii) Except as set forth in Section 9.1 or as otherwise set forth in this Section 5.2, each Party shall bear its own fees, costs and all other expenses (including filing fees, transfer fees, legal fees and other filing preparation costs) associated with any Consents or other actions contemplated by this Section 5.2 in connection with or otherwise related to the transactions contemplated by this Agreement and the Related Agreements.

(c) In addition to the covenants set forth in Section 5.2(a) and Section 5.2(b), Buyer shall undertake promptly any and all actions required to complete lawfully the transactions contemplated by this Agreement and the Related Agreements prior to the Outside Date, including by (i) responding to and complying with, as promptly as reasonably practicable, any request for information or documentary material regarding such transactions from any relevant Governmental Authority (including responding to any “second request” for additional information or documentary material under the HSR Act as promptly as reasonably practicable), (ii) causing the prompt expiration or termination (including requesting early termination and/or approvals thereof) of any applicable waiting period and clearance or approval by any relevant Governmental Authority, including defense against, and the resolution of, any objections or challenges, in court or otherwise, by any relevant Governmental Authority or other Person preventing consummation of such transactions, and (iii) making any necessary post-Closing filing or proffering and consenting to an Order providing for the sale or other disposition, or the holding separate, of particular assets, categories of assets or lines of business, including the Acquired Assets or any other assets or lines of business of Buyer or any of its Affiliates, in order to mitigate or otherwise remedy any requirements of, or concerns of, any Governmental Authority, or proffering and consenting to any other restriction, prohibition or limitation on any of the Acquired Assets, or on Buyer or any of Buyer’s Affiliates or any of their respective assets, in order to mitigate or remedy such requirements or concerns. The entry by any Governmental Authority in any legal proceeding of an Order permitting the consummation of the transactions contemplated by this Agreement and/or any of the Related Agreements but which is subject to certain conditions or requires Buyer or any of its Affiliates to take any action, including any restructuring of the Acquired Assets or lines of business of Buyer or any of its Affiliates or any changes to the existing business of Buyer or any of its Affiliates, shall not be deemed a failure to satisfy the conditions specified in Article VI. For the avoidance of doubt, Buyer shall not take any action with respect to its obligations under this Section 5.2(c) which would bind Seller or any of its Affiliates irrespective of whether the transactions contemplated hereby occur. Notwithstanding anything to the contrary in this Agreement, neither Buyer nor any of its Affiliates will have any obligation to (x) accept any material condition or requirement of any Consent that is not already imposed on Seller, (y) divest itself of any assets, whether tangible or intangible, or any portion of any of its or its Affiliates businesses in order to obtain any Consent required in connection with the transactions contemplated by this Agreement or any Related Agreement, or (z) take or refrain from taking any action that could result in a Material Adverse Effect.

(d) Buyer further agrees that neither it nor any of its Affiliates shall, prior to Closing, enter into any other Contract to acquire or market or control the output of, nor acquire or market or control the output of, electric generating facilities or uncommitted generation capacity in the ISO-NE market if the proposed acquisition or ability to market or control output of such additional electric generating facilities or uncommitted generation capacity in such market could reasonably be expected to increase the market power attributable to Buyer and its Affiliates in such market in a manner materially adverse to approval of the transactions contemplated by this Agreement and the Related Agreements or that would reasonably be expected to prevent or otherwise materially interfere with, or materially delay the consummation of the transactions contemplated hereby and thereby.

(e) During the Interim Period, Buyer and Seller shall cooperate and use their commercially reasonable efforts to secure the transfer or reissuance of the Transferable Permits to Buyer (including obtaining any necessary Consents thereto), or the substitution of Buyer for Seller where appropriate on pending applications for such Transferable Permits or renewals thereof, effective as of the Closing Date. If the Parties are unable to secure the transfer, reissuance or substitution respecting one or more Transferable Permits effective as of the Closing Date, Seller shall continue to reasonably cooperate with Buyer’s efforts to secure such transfer, reissuance or substitution following the Closing Date. Each Party agrees that it will accept the terms of all Transferable Permits as existing on the Effective Date relating to the operation of the Acquired Assets, and that it will not seek to amend any of such terms in connection with

filings with Governmental Authorities relating to the transactions contemplated by this Agreement and the Related Agreements, other than as necessary to effect the transfer or reissuance thereof to Buyer. In addition, with respect to any Transferable Permits for which the date for renewal will have passed by the Closing Date, Seller and Buyer shall cooperate to file by the Closing Date all applications with Governmental Authorities necessary to renew such Transferable Permits in a timely fashion without any material modifications to the terms thereof, except by agreement of the Parties, as may be required by applicable Law or to effect the renewal of such Permit in the name of Buyer. Nothing in this Section 5.2(e), however, shall prohibit Buyer or Seller from appealing the terms of any Permit that is issued or renewed following the Effective Date, with respect to which the Parties shall cooperate in good faith.

(f) Promptly after the Effective Date and during the Interim Period, Buyer and Seller will in good faith negotiate the terms and conditions of the Related Agreements to implement the transactions contemplated by this Agreement with the intention that the forms are each in final form on or before the sixtieth (60th) day after the Effective Date; *provided, however*, that the final Easement and Easement Plan for the White Lake Site shall be finalized as soon as reasonably practicable in light of the subdivision of the White Lake Site currently in progress, but in all events prior to the Closing Date; and *provided further*, the Interconnection Agreements and related arrangements will satisfy all reasonable requirements of Buyer for purposes of supplying energy, capacity and ancillary services to the ISO-NE market without incurring any local network service charges for transmission, except as set forth in Schedule 3.7(b-1), and without the need for modifications to the transmission system unless, in each case, expressly approved in writing by Buyer.

Section 5.3 Assigned Contracts; Other Interim Covenants.

(a) During the Interim Period, Buyer and Seller shall use commercially reasonable efforts to obtain all required Consents to the assignment to Buyer of the Assigned Contracts from the applicable counterparties thereto (each, a “**Counterparty**”), effective as of the Closing Date, in accordance with the following:

(i) Seller shall have primary responsibility for obtaining all necessary Consents to the assignment of Material Contracts, *provided* that Buyer shall cooperate with Seller’s efforts in this regard and shall use commercially reasonable efforts to assist Seller when so requested by Seller. Seller shall have primary responsibility for obtaining all necessary Consents to the assignment of Other Assigned Contracts, and in furtherance thereof, to the maximum extent permitted by Law and each applicable Other Assigned Contract, Seller appoints Buyer as Seller’s agent to obtain all required Consents of any Counterparty to each of the Other Assigned Contracts for the assignment thereof to Buyer effective as of the Closing Date, which Seller shall pursue, using commercially reasonable efforts, in accordance with a mutually agreed protocol and form letters to be sent to such Counterparties.

(ii) To the extent that any Assigned Contract relates to assets or services that are both used in the operations of one or more Facilities and used by Seller in its other operations, the Parties shall cooperate and use commercially reasonable efforts to obtain the required Consent for any partial assignment, apportionment or other arrangement as may be necessary or practicable to permit Buyer to obtain such portion of assets or services necessary for the continued operation of such Facilities on and after the Closing Date, and to permit Seller to retain such other rights or portion of the assets or services to continue its operations on and after the Closing Date, it being understood that the portion of each such Assigned Contract relating to Buyer’s continued operation of such Facilities on and after the Closing Date must be assigned to Buyer as of the Closing.

(iii) Seller shall reasonably cooperate with Buyer in providing any notices to Counterparties as may be required by the terms of any Assigned Contract or as Buyer (acting reasonably) may deem necessary or advisable, including notices providing Counterparties with updated notice information and updated bank account information to which any applicable payments should be made by such Counterparties. Buyer shall, where necessary, enter into a master agreement or similar enabling agreement with any Counterparty, on substantially the same terms as those in place on the Effective Date in a master or enabling agreement between Seller and such Counterparty, in connection with the assignment to Buyer of one or more purchase orders or similar Contracts subject to such master agreement or enabling agreement with Seller.

(iv) For the avoidance of doubt, it is specifically acknowledged and agreed by the Parties that neither Party shall be obligated to incur, pay, reimburse or provide or cause any of their respective Affiliates to incur, pay, reimburse or provide, any liability, compensation, consideration or charge to obtain the Consent of any Counterparty to the assignment of any Assigned Contract, unless any such liability, compensation, consideration or charge is expressly contemplated by any such Assigned Contract, in which case Seller shall incur the liability or make any such payment or charge.

(v) To the extent that Seller’s rights under any Contract included as an Acquired Asset may not be assigned without the Consent of another Person, and such Consent has not been obtained by the Closing, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful or ineffective (or would otherwise impair Buyer’s rights and obligations thereunder), and such Contract shall not be so assigned at the Closing (such non-assigned Contracts, the “**Non-Assigned Contracts**”). Seller and Buyer shall continue to comply with their obligations under this Section 5.3(a) to the extent and for so long as the applicable Non-Assigned Contract shall not have

been assigned to Buyer (and Seller, to the maximum extent permitted by Law and such Non-Assigned Contract, shall appoint Buyer to be Seller's agent with respect to such Non-Assigned Contract for the purpose of obtaining an assignment thereof to Buyer); *provided* that neither Seller nor Buyer shall have any obligation to offer or pay any consideration in order to obtain any such Consent to assignment; *provided, further*, that Buyer and Seller shall use their commercially reasonable efforts, to the maximum extent permitted by Law and such Non-Assigned Contract, to enter into one or more back-to-back Contracts, or such other reasonable arrangements, that would place Buyer in the same or a substantially similar position and provide Buyer the same or substantially similar rights, privileges, liabilities, benefits and obligations, in each case, as if such Non-Assigned Contract had been assigned to Buyer as of the Closing.

(b) During the Interim Period, Buyer and Seller shall use commercially reasonable efforts to obtain all required Consents to the assignment to Buyer of any warranty described in Section 2.1(c), effective as of the Closing Date. To the extent that Seller's rights under any such warranty may not be assigned without the Consent of another Person, and such Consent has not been obtained by the Closing, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful or ineffective (or would otherwise impair Buyer's rights and obligations thereunder), and such warranty shall not be so assigned at the Closing. Seller and Buyer shall continue to comply with their obligations under this Section 5.3(b) to the extent and for so long as the applicable warranty shall not have been assigned to Buyer, and Seller, to the maximum extent permitted by Law and such warranty, shall from and after the Closing, appoint Buyer to be Seller's agent for the purpose of enforcing such warranty so as to the maximum extent possible to provide Buyer with the rights and obligations of such warranty. Notwithstanding the foregoing, Seller shall not be obligated to bring or file suit against any Third Party; *provided* that if Seller shall determine not to bring or file suit after being requested by Buyer to do so, Seller shall, to the maximum extent permitted by Law or any applicable Contract, enter into such reasonable arrangements with Buyer so that Buyer may bring or file such suit with respect to the rights of Seller.

(c) In connection with Seller's assignment to Buyer of the Trust Agreement, dated as of April 7, 2017, between Seller and The Bank of New York Mellon, as trustee, respecting the coal ash landfill located at Merrimack Station (the "**Merrimack Landfill Trust**"), Buyer shall, in conjunction with Seller's written notice of assignment to be provided to such trustee in accordance therewith, promptly satisfy the information and documentation requirements set forth in Section 15 of the letter agreement between Seller and such trustee, also dated April 7, 2017, executed in connection with such Trust Agreement.

(d) The Parties will cooperate in good faith from and after the Closing if any Acquired Asset requires Buyer to provide credit support in any form for the benefit of a Third Party, and to further release Seller from any credit support provided in connection with any Acquired Asset.

(e) To the extent that Seller's rights under any Contract included as an Acquired Asset may not be assigned without the Consent of another Person, and such Consent has not been obtained by the Closing, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful or ineffective (or would otherwise impair Buyer's rights and obligations thereunder), and such Contract shall not be so assigned at the Closing. To the extent Buyer elects to proceed to Closing without obtaining Consent regarding any Non-Assigned Contracts, Buyer will not be deemed to have waived any such requirement for Consent and Seller will take all commercially reasonable actions requested by Buyer to obtain such Consent after the Closing or to otherwise transfer to Buyer the benefit of such Non-Assigned Contract. If any such Consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer's rights under the Non-Assigned Contract in question so that Buyer would not in effect acquire the benefit of all such rights, Seller, to the maximum extent permitted by Law and the Non-Assigned Contract, shall act after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Non-Assigned Contract, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer. In addition to the foregoing, to the extent any Material Contract that is currently used in both the Hydro Business and the Business is not assigned to Buyer at the Closing and is assigned to any purchaser of all or any portion of the Hydro Business, Seller will obtain such benefits with the same counterparty for Buyer at the same costs as set forth in any such Contract.

Section 5.4 Access of Buyer and Seller.

(a) During the Interim Period, Seller will provide Buyer and its Representatives with reasonable access, upon reasonable prior notice and during normal business hours, to the Facilities, the Scheduled Employees and all information related to the Acquired Assets, the Scheduled Employees and the Assumed Liabilities in possession of Seller and its Affiliates (including, subject to the receipt of any required Consents and in accordance with applicable Law, such information and records respecting the Scheduled Employees as Buyer reasonably deems necessary to comply with its obligations under this Agreement), and to the Representatives of Seller who have significant responsibility with respect thereto, in each case, as reasonably requested by Buyer in connection with the consummation of the transactions contemplated by this Agreement, but only to the extent that such access does not unreasonably interfere with the operation of the Facilities or the other business or operations of Seller or its Affiliates, and subject to compliance with applicable Laws and Permits; *provided*, that Seller shall have the right to have its Representatives present for any communication with

the Scheduled Employees, or any other employees or officers of Seller or its Affiliates, and to impose reasonable restrictions and requirements for safety purposes. In connection with and subject to the limitations set forth in the foregoing, during the Interim Period, (i) Seller shall permit Buyer and its Representatives to make such reasonable inspections of the Sites as Buyer may reasonably request (and Buyer shall be entitled, at its expense, to have the Sites surveyed and to conduct non-invasive physical inspections thereof), and (ii) Buyer shall be entitled to perform Phase I environmental studies or environmental site assessments of the Acquired Assets at Buyer's cost and upon notice to and in cooperation with Seller, utilizing an environmental firm reasonably acceptable to Buyer and Seller to update any or all of the existing Phase I environmental assessments posted to the Data Site, with Buyer and Seller as the identified users of the updated Phase I environmental assessments, and Buyer shall promptly furnish Seller with a copy of any such updates; *provided, however*, that during the Interim Period Buyer shall not be entitled to perform any Phase II environmental site assessments or invasive environmental studies. Seller shall furnish Buyer with a copy of each material report, schedule or other document filed or received by Seller or its Affiliates with or from a Governmental Authority with respect to the Acquired Assets during the Interim Period. During the Interim Period and following Closing, with respect to Environmental Liabilities that constitute Excluded Environmental Liabilities, Seller agrees to provide to Buyer draft copies of all plans, studies and reports prepared after the Effective Date in connection with any site investigation or Remediation related to the Acquired Assets (including with regard to its obligations under Section 2.4(i)(A) and Section 2.4(i)(B)) and, during the Interim Period, Seller further agrees to provide to Buyer draft copies of any Environmental Permit renewal or modification applications related to the Acquired Assets, in each case prior to their submission to the Governmental Authority with jurisdiction under Environmental Laws. Further, Buyer shall have the right, without the obligation, to attend all meetings between Seller, its Representatives, and such Governmental Authorities with respect to matters that constitute Excluded Environmental Liabilities or are related to Environmental Permit renewals or modifications. Notwithstanding the foregoing, and without limiting the generality of the confidentiality provisions set forth in this Agreement, the Confidentiality Agreements or any Related Agreement, Seller shall not be required to provide any information or access to any Facilities (A) which Seller reasonably believes it is prohibited from providing to Buyer by reason of any applicable Law or Permit, (B) which, if provided to Buyer, could constitute a waiver by Seller of the attorney-client privilege in respect of such information, (C) which Seller is required to keep confidential or prevent access to by reason of a Contract with a Third Party, or (D) relating to any potential sale of the Acquired Assets, or any other generating facilities of Seller, to any other Person; *provided, however*, that the Parties will, to the extent legally permissible, reasonably necessary and practicable, use commercially reasonable efforts to make appropriate substitute disclosure arrangements, or seek appropriate waivers or consents, under circumstances in which the foregoing restrictions of this sentence apply.

(b) During the Interim Period, upon reasonable prior request of Buyer and at Buyer's sole cost and expense, Seller will permit designated employees or Representatives of Buyer ("**Buyer's Observers**") to observe all operations of Seller related to the Facilities, with such observation permitted on a cooperative basis in the presence of personnel of Seller during normal daytime business hours of Seller; *provided, however*, that Buyer's Observers shall not unreasonably interfere with the operation of the Facilities by Seller or the other business or operations of Seller or its Affiliates.

(c) Buyer shall not be permitted during the Interim Period to contact any of Seller's vendors, customers or suppliers, or any Governmental Authorities (except, in accordance with Section 5.2 or Section 5.3, in connection with Consents to be obtained in connection with this Agreement or any Related Agreement), regarding the operations or regulatory status of Seller or with respect to the transactions contemplated under this Agreement or the Related Agreements without receiving prior written authorization from Seller (not to be unreasonably withheld, conditioned or delayed); *provided*, that nothing in this Section 5.4(c) shall be construed to restrict Buyer or its Affiliates from contacting any Person to the extent the subject of such communications is not related to this Agreement or any Related Agreement, or the transactions contemplated hereby or thereby.

(d) Buyer agrees to indemnify and hold harmless Seller, its Affiliates and their Representatives for any and all Losses incurred by Seller, its Affiliates or their Representatives arising out of any exercise of the access rights under this Section 5.4, including any Claims by any of Buyer's Representatives for any injuries or property damage while present at the Facilities, except in cases of Seller's or its Representatives' willful misconduct.

(e) On or as soon as reasonably practicable after the Closing Date (but in no event more than twenty (20) days thereafter), Seller shall deliver to Buyer all the Transferred Books and Records (to the extent not already located at the Facilities or otherwise Made Available to Buyer on or prior to the Closing), except as prohibited by applicable Law.

(f) Following the Closing, Seller shall be entitled to retain copies (at Seller's sole cost and expense) of all books and records relating to its ownership or operation of the Acquired Assets and the Assumed Liabilities.

(g) After the Closing, Buyer will, and will cause its Representatives to, provide Seller and its Affiliates, including their respective Representatives, reasonable access to or copies of all books, records, files and documents to the extent they are related to the Acquired Assets or the Assumed Liabilities, and to periods ending prior to the Closing Date in order to permit Seller and its Affiliates and their respective Representatives to prepare and file their Tax Returns and to prepare for and participate in any investigation with respect thereto, to prepare for and participate in any other investigation and defend any Claims relating to or involving Seller or its Affiliates, to discharge its obligations under this Agreement, to comply with financial reporting requirements, and for other reasonable

purposes, and will afford Seller and its Affiliates reasonable assistance in connection therewith at no cost to Seller. Buyer will cause such records to be maintained for not less than seven (7) years from the Closing Date and will not dispose of such records without first offering in writing to deliver them to Seller; *provided, however*, that in the event that Buyer transfers all or a portion of the Acquired Assets or the Assumed Liabilities to any Third Person during such period, Buyer may transfer to such Third Person all or a portion of the books, records, files and documents related thereto, *provided* such transferee expressly assumes in writing the obligations of Buyer under this Section 5.4(g).

(h) On and after the Closing Date, (i) at the request of either Party, the other Party shall make available to such requesting Party, its Affiliates and their respective Representatives, those employees of the non-requesting Party or its Affiliates requested by such requesting Party in connection with any Claim, including to provide testimony, to be deposed, to act as witnesses and to assist counsel, and (ii) at the reasonable request of Seller, Seller shall have reasonable access to the Transferred Employees for a period of seven (7) years following the Closing Date, for purposes of consultation or otherwise, to the extent that such access may reasonably be required by Seller in connection with matters relating to or affected by the operations of Seller prior to the Closing; *provided, however*, that, in each case, (x) such access to such employees shall not unreasonably interfere with the normal conduct of the operations of the non-requesting Party, (y) the requesting Party shall pay and reimburse the non-requesting Party for the out-of-pocket costs reasonably incurred by the non-requesting Party in making such employees available, and (z) such assistance shall be provided insofar as the same may be provided without violating any Law or Permit, or waiving any attorney-client privilege, as determined in the reasonable opinion of counsel to the non-requesting Party.

Section 5.5 Conduct of Business Pending the Closing. During the Interim Period, Seller will operate and maintain the Acquired Assets in the ordinary course of business consistent with Good Utility Practice, unless otherwise expressly contemplated by this Agreement or with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed). Good Utility Practice during the Interim Period shall include, but not be limited to, the following: to the extent Seller experiences a GADS Event, Seller will cure in accordance with Good Utility Practice the cause of such GADS Event for each Facility such that it reports in GADS as available an amount of capacity equal to or greater than each Facility's applicable Capacity Supply Obligation as of the Closing Date. Without limiting the generality of the foregoing, except as otherwise expressly contemplated by this Agreement or as set forth in Schedule 5.5, Seller shall not, without the prior written consent of the Buyer (which consent shall not be unreasonably withheld or delayed), during the Interim Period, with respect to the Acquired Assets or Assumed Liabilities:

(a) Except for Acquired Assets used at or consumed by the Facilities in the ordinary course of business consistent with Good Utility Practice, and except for sales or dispositions of obsolete or surplus assets in connection with the normal repair or replacement of assets or properties, (i) sell, lease (as lessor), license (as licensor), transfer or otherwise dispose of any of the Acquired Assets, or (ii) encumber, pledge, mortgage or suffer to be imposed on any of the Acquired Assets any Lien other than Permitted Liens;

(b) Make any material change in the levels of Inventories customarily maintained by the Seller with respect to the Acquired Assets, except for such changes that are consistent with Good Utility Practice, nor transfer, sell or otherwise acquire or dispose of any assets described in Section 2.1(c) except in the ordinary course of business consistent with past practices; *provided, however*, that Seller shall consult with Buyer with respect to the purchase of any fuel Inventory during the Interim Period, the terms of which purchase shall be subject to Buyer's prior written approval, not to be unreasonably withheld, conditioned or delayed; *provided, further*, that Seller shall consult with Buyer with respect to the purchase of any non-fuel Inventory during the Interim Period in excess of Five Hundred Thousand Dollars (\$500,000) in the aggregate, the terms of which purchase shall be subject to Buyer's prior written approval, not to be unreasonably withheld, conditioned or delayed;

(c) (i) Terminate, make any waiver under, extend, materially amend, or renew or replace any Material Contract, Assigned Lease or Transferable Permit, except in connection with transferring Seller's rights or obligations thereunder to the Buyer pursuant to this Agreement; or (ii) enter into or commit to enter into any Contract that would be a Material Contract, in each case without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed). Except with the prior written consent of Buyer (which consent may be granted or withheld by Buyer in its sole discretion), Seller shall not enter into any Contract relating to the ownership or operation of the Acquired Assets or the operation of the Business, except for any Contract (w) entered into in the ordinary course of business that will be terminated or fully performed prior to the Closing (without assignment to, or any continuing Liability of, Buyer on or after the Closing), (x) that can be freely assigned to Buyer at the Closing and terminated by Buyer at its option at any time on or after the Closing without penalty or cancellation charge, (y) that can be freely assigned to Buyer at the Closing and that does not increase an Assumed Liability or which increases an Assumed Liability by an amount of Two Hundred Fifty Thousand Dollars (\$250,000) or less individually or One Million Dollars (\$1,000,000) or less in the aggregate with other such Contracts, or (z) as may be required or permitted pursuant to Section 5.3 or to implement another provision of this Section 5.5, so long as such Contract can be freely assigned to Buyer at the Closing; *provided* that, during the Interim Period, Schedule 2.1(e), be amended to account for any Contract permitted under this Section 5.5(c);

(d) Enter into, amend, or otherwise modify any real or personal property Tax agreement, treaty or settlement that would reasonably be expected to affect the Tax Liabilities of Buyer or any of its Affiliates in a material manner for any taxable year or

period ending after the Closing Date;

(e) Make, or enter into any commitment to make, any capital expenditures relating to the Acquired Assets, Facilities or Sites, except for those capital expenditures or commitments necessitated by Good Utility Practice and which will be paid in full prior to the Closing, *provided that* if not paid in full prior to the Closing, not more than Two Hundred Fifty Thousand Dollars (\$250,000), in the aggregate, will be payable at any time from and after the Closing;

(f) Increase the level of wages, compensation or other benefits of any Scheduled Employee, except as required pursuant to the Generation CBA or applicable Law or in accordance with Seller's ordinary course of business consistent with past practices; *provided, however*, that such increase shall not in the aggregate, together with any increases resulting from Seller's or its Affiliates' actions set forth in Section 5.5(g) below, exceed the greater of a three percent (3%) of the Scheduled Employees' wages or Two Hundred Fifty Thousand Dollars (\$250,000) annually;

(g) Terminate the employment of any Scheduled Employee except for cause, or hire any employee who would be a Scheduled Employee (other than to replace or fill vacancies), in each case, other than as consistent with past practices, without first consulting with Buyer; *provided, however*, that any such hiring shall not, in the aggregate and, together with any increases resulting from Seller's or its Affiliates' actions set forth in Section 5.5(f) above, exceed Two Hundred Fifty Thousand Dollars (\$250,000) annually; *provided further*, that, during the Interim Period, Schedule 3.12(a) shall be amended to reflect any changes in the Scheduled Employees listed thereon that are permitted under this Section 5.5(g); or

(h) Except as required by Law, agree to any amendment to or waiver of any term of the Generation CBA, or enter into any new collective bargaining agreement with respect to any Scheduled Employees.

Notwithstanding anything to the contrary herein, Seller may take commercially reasonable actions with respect to emergency situations or as required by Law as reasonably determined by Seller and without Buyer's prior written consent, so long as Seller shall promptly inform Buyer upon taking any such action.

Section 5.6 Termination of Certain Services and Contracts; Transition Matters.

(a) Notwithstanding anything in this Agreement to the contrary, at or prior to the Closing, Seller, subject to consultation with Buyer and Buyer's right to request modifications to the Schedules as set forth in Section 5.15(a), shall (i) terminate, effective upon the Closing, any services provided to any of the Facilities or with respect to the Acquired Assets by Seller, or by any Affiliate thereof under an Intercompany Arrangement, including the termination or severance of insurance policies with respect to coverage for any of the Facilities, Tax services, legal services and banking services (to include the severance of any centralized clearance accounts), other than any such services provided pursuant to the Transition Services Agreement and other than with respect to those Assigned Contracts set forth on Schedule 2.2(j) and (ii) terminate each Contract designated by Buyer on Schedule 5.6(a), which Schedule will be finalized by the Parties acting in good faith within sixty (60) days and which does not result in a termination fee to Seller (such services or Contracts collectively, the "**Terminated Contracts**"). Within thirty (30) days of the Effective Date, Seller will provide Buyer a full and complete copy of each Contract used in connection with the operation of the Business that is not a Material Contract and is available for assumption at Closing by Buyer. Buyer will, acting reasonably and in good faith, determine which of such Contracts Buyer will assume at Closing. For avoidance of doubt, Buyer acknowledges and agrees that all insurance coverage with respect to the Acquired Assets, including those policies referred to in Section 3.9, shall be terminated as of the Closing, and that Buyer shall be solely responsible for providing insurance in respect of the Acquired Assets and for any claims made in connection with such insurance policies after the Closing but only for those claims relating to events or occurrences first occurring on and after the Closing Date.

(b) At the request of Buyer, at the Closing, Seller shall, and shall cause Eversource Services to, enter into an agreement with Buyer to provide, following Closing, those transition services respecting the Acquired Assets as, and for such periods of time, set forth on Schedule 5.6(b) (which schedule may be amended by mutual agreement of Buyer and Seller prior to Closing) at a price equal to the applicable Transition Service Cost Percentage of cost (as allocated in accordance with the same methodologies used for such allocations by Seller and its Affiliates in accordance with past practice); *provided, however*, the escalation provisions in the Transition Service Cost Percentage will be subject to negotiation and potential expansion of time periods during the Interim Period with respect to information technology services in accordance with the other terms and conditions set forth therein (the "**Transition Services Agreement**"). The Parties will agree upon any remaining terms and conditions of the Transition Services Agreement in a commercially reasonable manner as soon as practicable after the date hereof and in any event within sixty (60) days of the date hereof.

(c) Within thirty (30) days after the date hereof, Buyer shall deliver to Seller a list of its proposed representatives to a joint transition team. Seller will add its representatives to such team within ten (10) Business Days after receipt of Buyer's list. Such team will be responsible for preparing as soon as reasonably practicable after the date hereof, and using commercially reasonable efforts to timely implement, a transition plan which will identify and describe substantially all of the various transition activities that the

Parties will cause to occur before and after the Closing and any other transfer of control matters that any Party reasonably believes should be addressed in such transition plan. Buyer and Seller shall use commercially reasonable efforts to cause their representatives on such transition team to cooperate in good faith and take reasonable steps necessary to develop a mutually acceptable transition plan no later than sixty (60) days after the date of this Agreement.

Section 5.7 Seller Marks. Buyer acknowledges and agrees that as a result of the consummation of the transactions contemplated by this Agreement, it will not obtain any right, title, interest, license or other right hereunder to use any of the Seller Marks. Prior to the Closing, Seller may remove any of the Seller Marks as it determines in its sole discretion. As soon as reasonably practicable but in no event more than one hundred eighty (180) days after the Closing Date, Buyer shall remove, cover or conceal from the Facilities or the Acquired Assets all of the Seller Marks, including signage at the Facilities, and shall dispose of any unused products, signage, materials, stationery and literature bearing the Seller Marks remaining at the Facilities following the Closing; *provided* that Buyer shall, within ten (10) Business Days after the Closing Date, remove, cover or conceal the Seller Marks appearing on signage at the primary entrances of the Facilities. Thereafter, Buyer shall not use any Seller Mark or any name or term confusingly similar to any Seller Mark in connection with the sale of any products or services, in the corporate or doing business name of any of its Affiliates or otherwise in the conduct of its or any of its Affiliates' businesses or operations. In the event that Buyer breaches this Section 5.7, Seller shall be entitled to specific performance of this Section 5.7 and to injunctive relief against further violations, as well as any other remedies at law or in equity available to Seller.

Section 5.8 Employee Matters.

(a) Settlement Agreement. The Parties acknowledge and agree that under New Hampshire Law (New Hampshire RSA 369-B:3-b) and the Settlement Agreement, Affected Employees are entitled to certain employee protections that apply in connection with the transactions contemplated hereby, including provisions requiring that Buyer undertake certain employee-related obligations as a condition to the consummation of the transactions contemplated hereby. The Parties acknowledge and agree that the covenants and agreements set forth in this Section 5.8 are intended to implement the applicable employee protection provisions and requirements set forth under New Hampshire Law and in the Settlement Agreement and shall be interpreted consistently therewith.

(b) Represented Transferred Employees.

(i) Schedule 5.8(b)(i) sets forth the total number of Represented Scheduled Employees (including all such Represented Scheduled Employees who are on inactive status due to any short-term disability, long-term disability or other approved leave) employed in each job classification at each Facility as of the Effective Date. Within twenty (20) days following the Effective Date, Buyer shall provide notice to Seller of the number of Represented Scheduled Employees by classification and Facility whom Buyer desires to hire. The Parties shall cooperate in good faith with the Union to identify, within fifteen (15) days after receipt of Buyer's notice pursuant to Section 5.8(k), in accordance with the applicable provisions of the Generation CBA and the Settlement Agreement, the particular Represented Scheduled Employees to whom Buyer shall offer employment pursuant to the terms of this Section 5.8 (the "**Selected Represented Employees**"). Within sixty (60) days following the date the Selected Represented Employees are identified, Buyer shall offer employment, commencing as of 12:01 a.m. Eastern time on the Closing Date, to all such Selected Represented Employees. Effective immediately before the commencement of employment by Buyer, Seller will terminate the employment of all such Selected Represented Employees who have accepted employment with the Buyer.

(ii) All such offers of employment shall be (A) contingent upon the employee's satisfactory completion of background and drug tests to the extent permitted under the Generation CBA and applicable Law, (B) made in accordance with applicable Laws, the Generation CBA and the Settlement Agreement, and (C) otherwise on terms consistent with the provisions of this Section 5.8. Those employees who accept such offer of employment are referred to herein as the "**Represented Transferred Employees**." Buyer shall, as soon as reasonably practicable and in no event more than twenty (20) days following the Effective Date, provide notice to the Union (x) that Buyer intends to recognize the Union, as of the Closing, as the collective bargaining representative for all Represented Transferred Employees, (y) that, subject to Section 5.8(e), Buyer agrees to become party to and bound by the terms of the Generation CBA as of the Closing with respect to the Represented Transferred Employees, and (z) that describes Buyer's plans regarding staffing by classification and operations of the Facilities.

(iii) On and after the Closing, Buyer shall, subject to Section 5.8(e), comply with all applicable obligations under the Generation CBA with respect to the Represented Transferred Employees covered thereby.

(c) Non-Represented Transferred Employees.

(i) Buyer may interview some or all Non-Represented Scheduled Employees listed in Schedule 3.12(a) to determine whether to make offers of employment. As of the Effective Date, Seller will provide Buyer reasonable access to the Facilities and shall make Non-Represented Scheduled Employees available to Buyer for purposes of conducting employment

interviews. Within sixty (60) days following the Effective Date, Buyer shall offer employment to those Non-Represented Scheduled Employees listed in Schedule 3.12(a) whom Buyer desires to employ commencing as of 12:01 a.m. Eastern time on the Closing Date (the “**Selected Non-Represented Employees**”). All such offers of employment shall be contingent upon the employee’s satisfactory completion of background and drug tests to the extent permitted under applicable Law, made in accordance with applicable Laws and otherwise on terms consistent with the provisions of this Section 5.8. Those Selected Non-Represented Employees who accept such offer of employment are referred to herein as the “**Non-Represented Transferred Employees**.” Buyer will provide Seller a list of the Non-Represented Transferred Employees prior to the Closing. Effective immediately before Closing, Seller will terminate the employment of all Non-Represented Transferred Employees.

(ii) The Parties acknowledge and agree that, pursuant to the Settlement Agreement and New Hampshire RSA 369-B:3-b, the Non-Represented Transferred Employees are entitled to employee protections no less than those set forth in the Generation CBA with respect to the Represented Transferred Employees. As required by the Settlement Agreement, Buyer shall, from and after Closing, assume and comply with those employee protection obligations with respect to the Non-Represented Transferred Employees as required by New Hampshire RSA 369-B:3-b as set forth in Section 5.8(c)(iii), Section 5.8(d), Section 5.8(e) and Section 5.8(g) herein.

(iii) Continuing from Closing through no sooner than the end of the CBA Term, Buyer shall maintain an overall benefit package for the Non-Represented Transferred Employees that has an aggregate value at least as favorable as the overall benefit package provided to each such Non-Represented Transferred Employee immediately prior to the Closing and shall provide to each Non-Represented Transferred Employee vacation, holiday and sick leave benefits that are as favorable as such benefits provided to them immediately prior to Closing. Seller shall cooperate and consult in good faith with Buyer in structuring its proposed benefits during the Interim Period.

(d) Service Credit. With respect to benefits accruing during the CBA Term, Buyer shall recognize and apply each Transferred Employee’s prior service with Seller toward any eligibility and vesting under the Employee Benefits Plans and other compensation arrangements of Buyer and, in the case of Represented Transferred Employees, any other plans established to provide benefits described in the Generation CBA and in the case of Non-Represented Transferred Employees in Seller’s policies or plans, if any, that may become applicable to Non-Represented Transferred Employees. Buyer shall vest each Transferred Employee under the Employee Benefits Plans of Buyer to the extent such employee is vested under the Employee Benefits Plans of Seller (or its applicable Affiliates) immediately prior to the Closing, provided that all vacation, personal and sick days accrued by each Transferred Employee under the plans, policies, programs and arrangements of Seller (or its applicable Affiliates) immediately prior to the Closing shall not be a cost to Buyer, but shall be paid as provided in Section 5.8(f). Buyer shall waive all limitations with respect to preexisting conditions, exclusions based on health status and waiting periods with respect to participation and coverage requirements under Buyer’s health and welfare plans. Except as provided in this Section 5.8(d), Seller shall be solely responsible for all Liabilities including any applicable termination pay, severance pay, accrued wages or salary, accrued bonus and/or incentive pay (whether or not such bonus or incentive compensation is subject to any continued service requirement), accrued vacation and sick time, as well as any other benefits, created or owing as a consequence of the employment on or before the Closing Date of any Transferred Employee, or the cessation of any Scheduled Employee’s employment on or before the Closing Date, including (i) all Liabilities under any Employee Benefit Plan maintained by Seller and any Liabilities resulting from any deficiency in the administration or funding of any such plan, (ii) all claims for health care and other welfare benefits, including any workers’ compensation claims, (iii) COBRA continuation coverage requirements, (iv) any and all Liabilities with respect to any employees who are not Transferred Employees, and (v) any and all Liabilities accruing from the CBA MOA.

(e) Pension and Retirement Benefits.

(i) Employees Participating in Seller’s Defined Benefit Pension Plan.

(A) As soon as practicable after the Effective Date, Buyer shall take all necessary and appropriate action to establish and maintain a tax qualified retirement plan (“**Buyer’s Retirement Plan**”) for Transferred Employees who currently participate in Seller’s defined benefit pension plan in accordance with this Section 5.8(e). Seller shall cooperate and consult in good faith with Buyer in structuring Buyer’s Retirement Plan during the Interim Period, and Seller shall further take commercially reasonable actions as are reasonably requested by Buyer to ensure compliance of the Buyer’s Retirement Plan with the Settlement Agreement and the Generation CBA.

(B) For purposes of this Section 5.8(e)(i), the term “**Combined Minimum Pension Benefit**” means, for any such Transferred Employee, the Transferred Employee’s total pension benefit as calculated as of the earlier of (i) such Transferred Employee’s retirement date and (ii) the end of the CBA Term, using (A) the pension benefit formula under the Eversource Pension Plan (“**Seller’s Pension Plan**”) applicable to such Transferred Employee as of the Closing Date, as adjusted to incorporate the provisions of the CBA MOA, (B) such Transferred Employee’s final average earnings (as specified in Seller’s Pension Plan) as of the earlier of (i) such Transferred Employee’s retirement

date and (ii) the end of the CBA Term,, taking into account compensation earned from both Seller and Buyer, (C) such Transferred Employee's total years of service with both Seller (or its applicable Affiliates and predecessors) and Buyer as of the earlier of (i) such Transferred Employee's retirement date and (ii) the end of the CBA Term, and (D) covered compensation as of the earlier of (i) such Transferred Employee's retirement date and (ii) the end of the CBA Term.

(C) For purposes of this Section 5.8(e)(i), the term "**Accrued Pension Benefit**" means, for any such Transferred Employee, the pension benefit payable to such Transferred Employee under Seller's Pension Plan at such Transferred Employee's retirement, which shall be calculated based upon (A) the pension benefit formula under the Seller's Pension Plan applicable to such Transferred Employee as of the Closing Date, as adjusted to incorporate the provisions of the CBA MOA, (B) such Transferred Employee's years of credited service with Seller (or its applicable Affiliates) as of the Closing Date, (C) such Transferred Employee's final average earnings (as specified in the Seller's Pension Plan) as of the Closing Date, and (D) such Transferred Employee's covered compensation as of the Closing Date.

(D) Upon such Transferred Employee's retirement date, Seller (or its Affiliates) shall provide each such Transferred Employee with a vested and non-forfeitable right to a pension benefit equal to such Transferred Employee's Accrued Pension Benefit.

(E) On and after Closing, and continuing through no sooner than the end of the CBA Term, Buyer shall provide each such Transferred Employee with a retirement benefit (or contributions) under Buyer's Retirement Plan with a value that is at least equal to the actuarial equivalent of the difference between such Transferred Employee's Combined Minimum Pension Benefit and such Transferred Employee's Accrued Pension Benefit (the "**Buyer's Retirement Benefit**"). For the avoidance of any doubt, such retirement benefit may be provided through Buyer's Contributory Plan or another defined contribution plan. Such Buyer's Retirement Benefit must be guaranteed to each Transferred Employee and protected from forfeiture to no less extent than an ERISA plan benefit. If any such Transferred Employee's Buyer's Retirement Benefit should be subject to Social Security and Medicare Taxes that do not apply to ERISA pension benefits, Buyer shall "gross up" such Buyer's Retirement Benefit to offset such additional Tax liability to the applicable Transferred Employee.

(F) On and after Closing, and continuing through no sooner than the end of the CBA Term, in the event that any such Transferred Employee (A) is involuntarily separated from employment as a result of layoff from Buyer (or any of its Affiliates) and (B) at the time of Closing (x) is age 50-54 and (y) whose age plus credited service equal or exceed 65 years, then Buyer shall provide to such Transferred Employee those pension and other retirement benefits described in Schedule 5.8(e)(i)(F).

(ii) Employees Participating in Seller's Contributory Retirement Plan.

(A) As soon as practicable after the Effective Date, Buyer shall take all necessary and appropriate action to establish and maintain a tax qualified contributory retirement plan ("**Buyer's Contributory Plan**") for the Transferred Employees who participate in Seller's "K-Vantage" contributory retirement plan in accordance with the provisions of this Section 5.8(e)(ii).

(B) On and after Closing and through the end of the CBA Term, Buyer (or its Affiliates) shall provide each Transferred Employee with contributions to Buyer's Contributory Plan in an amount no less than the amount such Transferred Employee would have received under Seller's "K-Vantage" contributory retirement plan, as set forth in Schedule 5.8(e)(ii)(B).

(f) Transition Matters. Effective as of the Closing, the Transferred Employees shall cease active participation in all Employee Benefit Plans of Seller (or its applicable Affiliates). Seller (or its applicable Affiliates) shall pay, in accordance with Seller's customary practice, to all Transferred Employees all accrued salary or wages, including overtime, vacation pay, all bonus or incentive pay due in connection with the 2017 and other applicable performance year(s), or other benefits to which they are entitled under the Employee Benefit Plans of Seller (or its applicable Affiliates) as of immediately prior to the Closing. For the avoidance of any doubt, Seller shall pay to Transferred Employees all bonus or incentive compensation, if any, calculated in accordance with Seller's customary practice with respect to the period prior to the Closing Date, whether or not such incentive compensation is subject to any continued service requirement. Buyer and Seller intend that the transactions contemplated by this Agreement should not constitute a separation, termination or severance of employment of any Transferred Employee for purposes of any Employee Benefit Plan that provides for separation, termination or severance benefits, and that each such Transferred Employee will have continuous employment immediately before and immediately after the Closing. All Liability and Claims relating to the employment and compensation of any Transferred Employee on and after the Closing shall be the sole responsibility of Buyer, and Buyer agrees to indemnify and hold harmless Seller, its Affiliates and their Representatives for any and all Losses incurred by Seller, its Affiliates or their Representatives

arising out of or related to Buyer's (or its Affiliate's) employment of any Transferred Employee following the Closing.

(g) Severance Benefits. Any Transferred Employee who is terminated as a result of a reduction in force or change in operational practices prior to the end of the CBA Term will be entitled to the benefits set forth in Schedule 5.8(g).

(h) WARN Act; Restructuring Activities. Seller will notify Buyer of any separations or layoffs in the 90 day period prior to the Closing Date, and agrees to timely perform and discharge all requirements under the WARN Act and under applicable similar state and local Laws for the notification of its and its Affiliates' employees arising from any "plant closing," "mass layoff," relocation, employment losses, group termination or similar event, including those arising from Buyer's election not to offer employment to Scheduled Employees or the sale of the Acquired Assets to Buyer up to and including the Closing. Buyer shall be responsible for performing and discharging all requirements under the WARN Act and under applicable similar state and local Laws for the notification of its employees, whether Transferred Employees or otherwise, arising from any "plant closing," "mass layoff," relocation, employment losses, group termination or similar event undertaken by Buyer after the Closing Date. Seller undertakes to indemnify and shall keep indemnified the Buyer and its Affiliates against all liabilities and all related costs and expenses arising from or relating to any claim brought as a result of any action of Seller or its Affiliates, including the sale of the Acquired Assets, that would cause any termination of employment or employment loss of any employees of Seller or its Affiliates that occurs prior to or as of the Closing, to (i) constitute a "plant closing," "mass layoff," relocation, employment loss, or group termination or similar event under the WARN Act or any similar state or local Law, or (ii) result in any other liability or penalty to the Buyer or its Affiliates under applicable law. Buyer will indemnify Seller for any liability under the WARN Act or any similar federal, state or local Law for any actions of Buyer or its Affiliates that would cause any termination of employment of any Transferred Employees by Buyer or its Affiliates that occurs after the Closing to (i) constitute a "plant closing," "mass layoff" or group termination or similar event under the WARN Act or any similar state or local Law, or (ii) result in any other liability or penalty to the Seller or its Affiliates under applicable law after the Closing. All severance and other costs associated with workforce restructuring activities associated with the Acquired Assets and/or the Transferred Employees subsequent to the Closing Date shall be borne solely by Buyer.

(i) Successors and Assigns. Notwithstanding anything herein to the contrary, the agreements and obligations of Buyer set forth in this Section 5.8 shall be binding upon and enforceable against any successor or assign or any other entity acquirer of Buyer, whether by sale, transfer, merger, acquisition or otherwise. Buyer shall make it a condition of any such sale, transfer, merger, acquisition or other transaction or event that any such successor or assign or other entity acquirer shall be bound by the terms of this Section 5.8.

(j) Non-solicitation. For a period of twelve (12) months following the Closing, neither Seller nor any its Affiliates shall directly or indirectly hire or solicit for hire any person who is employed by Buyer or any of its Affiliates. The foregoing, however, shall not preclude Seller or its Affiliates from making good faith generalized solicitations of employment, so long as such solicitations are not targeted to or focused on the officers or employees of Buyer or any of its Affiliates or from hiring any former employee of Buyer or any of its Affiliates who has not been employed with Buyer or its Affiliate in preceding 6 months.

(k) Hiring Commitment. Buyer will make offers of employment to at least eighty percent (80%) of the Scheduled Employees.

Section 5.9 ISO-NE and NEPOOL Matters.

(a) At the Closing, Buyer shall be a member in good standing in NEPOOL or otherwise have sufficient authority to sell the Facilities' electrical output into the wholesale market. Except as required to preserve system reliability and in compliance with the requirements of the ISO-NE or NEPOOL, and as may be otherwise provided in any Related Agreement, following Closing, Seller shall not interfere with Buyer's efforts to expand or modify generation capacity at any of the Sites.

(b) Not less than five (5) Business Days prior to the Closing Date, Buyer shall initiate, and Seller shall confirm, with ISO-NE Buyer's acquisition of the Facilities from Seller, to be effective as of the Closing Date, pursuant to the CAMS User Guide for Company and Affiliate Maintenance, Version 1.4, Section 2.3.15, Asset Ownership Share Transfers. In the event that ISO-NE (or NEPOOL) does not recognize until after the Closing Buyer's acquisition of the Facilities as of the Closing Date (or recognizes such acquisition effective as of any date other than the Closing Date), the Parties agree that (i) any proceeds received by Seller or its Affiliates from ISO-NE (or NEPOOL) after Closing relating to Buyer's ownership of the Facilities on and after the Closing Date shall be promptly paid over to Buyer, and (ii) any proceeds received by Buyer or its Affiliates from ISO-NE (or NEPOOL) after Closing relating to Seller's ownership of the Facilities prior to the Closing Date shall be promptly paid over to Seller. The Parties further agree that (x) any amounts received by Buyer or its Affiliates from ISO-NE after the Closing respecting the Facilities, to the extent attributable to any period prior to the Closing, including (A) ISO-NE Winter Reliability Program revenues attributable to any period prior to the Closing, and (B) ISO-NE Forward Capacity Market capacity payments attributable to any period prior to the Closing, shall be promptly paid over to Seller; and (y) any amounts received by Seller or its Affiliates from ISO-NE after Closing respecting the Facilities, to the extent attributable to any period on and after the Closing, including (A) ISO-NE Winter Reliability Program revenues

attributable to any period on and after the Closing and (B) ISO-NE Forward Capacity Market capacity payments attributable to any period on and after the Closing, shall be promptly paid over to Buyer. Any payment required to be made by a Party pursuant to this Section 5.9(b) shall be made to the other Party by wire transfer of immediately available funds to the account designated in writing by such other Party.

(c) The Parties shall cooperate and provide reasonable assistance in connection with any Potential Qualified Capacity Reduction or Potential Qualified Capacity Increase dispute or correction related thereto, whether prior to or following the Closing; *provided, however*, Buyer shall not be required to incur any cost or expense outside of the ordinary course in connection with such cooperation or assistance.

(d) Seller agrees that it shall promptly notify Buyer in writing of the receipt of notice from ISO-NE determining a Qualified Capacity Reduction for any Facility.

(e) If the Closing has not occurred prior to January 1, 2018, Seller and Buyer will cooperate to bid the Facilities into the ISO-NE forward capacity market to the extent such cooperation is allowed by FERC and ISO-NE.

Section 5.10 Post-Closing Operations. As required by the Settlement Agreement, Buyer hereby covenants and agrees that Buyer shall (and shall cause any successor or assign of Buyer to) cause the Facilities to remain in service for a minimum of eighteen (18) months following the Closing Date.

Section 5.11 Post-Closing Environmental Matters.

(a) On and after the Closing Date, with respect to Environmental Liabilities which constitute Excluded Environmental Liabilities, Buyer will (i) use commercially reasonable efforts not to prejudice or impair Seller's rights under the Environmental Laws or interfere with Seller's ability to contest in appropriate administrative, judicial or other proceedings its Liability, if any, for Environmental Claims or Remediation, and (ii) provide reasonable access to Seller to any Facility for purposes of (x) assisting in Seller's ability to contest its Liability, if any, for Environmental Claims or Remediation or (y) undertaking Remediation; *provided, however*, such access may not unreasonably interfere with ordinary business operations of any Facility. Until such time as Seller's obligations for Excluded Environmental Liabilities are extinguished and only to the extent relevant to those Environmental Liabilities which constitute Excluded Environmental Liabilities, (A) Buyer further agrees to provide to Seller draft copies of all plans and studies prepared in connection with any Site investigation or Remediation related to the Acquired Assets prior to their submission to the Governmental Authority with jurisdiction under Environmental Laws, (B) Seller shall have the right, without the obligation, to attend all meetings between Buyer, its Representatives, and such Governmental Authorities, and (C) Buyer shall promptly provide to Seller copies of all written information, plans, documents and material correspondence submitted to or received from such Governmental Authorities relating to Buyer's discharge of any Environmental Liabilities assumed pursuant to this Agreement.

(b) Buyer shall provide Seller with reasonable advance written notice before commencing any Dig Activities prior to the Excluded Environmental Liability Termination Date.

Section 5.12 Transfer Taxes; Expenses. Notwithstanding any other provision of this Agreement to the contrary, in accordance with New Hampshire Law and custom, Buyer and Seller shall in good faith determine the amount and at Closing each pay fifty percent (50%) of all Transfer Taxes that may be imposed upon, or payable, collectible or incurred in connection with the transfer of the Acquired Assets to Buyer or otherwise in connection with the transactions contemplated by this Agreement and the Related Agreements. Except as provided in Section 2.10(m), Buyer shall, at its own expense, prepare and timely file all Tax Returns relating to any such Transfer Tax (and Seller shall cooperate with respect thereto as reasonably necessary, including by preparing, executing and providing its Tax Return to Buyer, or by joining in the execution of any such Tax Returns if required by applicable Law), shall notify Seller when such filings have been made and shall provide Seller with copies of all Forms CD-57-S.

Section 5.13 Tax Matters. Except as provided in Section 5.12 relating to Transfer Taxes:

(a) With respect to Taxes to be prorated in accordance with Section 2.7 of this Agreement, Buyer shall prepare and timely file all Tax Returns required to be filed after the Closing with respect to the Acquired Assets, if any, and Buyer shall duly and timely pay all such Taxes shown to be due on such Tax Returns (or shall reimburse Seller for any such Taxes paid by Seller). Buyer's preparation of any such Tax Returns shall be subject to Seller's review and comment, and Buyer shall consider in good faith any comments received from Seller. No later than twenty (20) Business Days prior to the due date of any such Tax Return, Buyer shall make such Tax Return available for Seller's review and comment. Buyer shall respond no later than five (5) Business Days prior to the due date for filing such Tax Return. Without the prior written consent of Seller, Buyer will not (i) file or amend any Tax Return relating to any taxable period ending on or prior to the Closing Date, or to any taxable period beginning before the Closing Date and ending after the Closing Date, or any portion thereof or (ii) extend or waive, or cause to be extended or waived, any statute of limitations or other period for the assessment of any Tax or deficiency related to any such taxable period (or portion thereof), in each

case for Tax Returns related to the Acquired Assets.

(b) Whenever any Taxing Authority asserts a claim, makes an assessment, or otherwise disputes the amount of Taxes relating to any taxable period ending on or prior to the Closing Date, or to any taxable period beginning before the Closing Date and ending after the Closing Date, or any portion thereof, Buyer shall, upon receipt of such assertion, promptly, but no later than thirty (30) days thereafter, inform Seller in writing of such assertion. With respect to proceedings that relate solely to Taxes that represent Excluded Liabilities and to any proceedings described on Schedule 3.10, Seller shall have the sole right to control any such proceedings and to determine whether and when to settle any such claim, assessment or dispute; *provided, however*, that Seller shall not settle any Tax controversies in a manner that would reasonably be expected to affect the Tax Liabilities of Buyer or any of its Affiliates in a material manner for any taxable year or period ending after the Closing Date without the prior written consent of Buyer. With respect to proceedings that relate to Taxes that represent Assumed Liabilities, Buyer shall have the sole right to control any such proceedings and determine whether and when to settle any such claim, assessment or dispute; *provided, however*, that Buyer shall not settle any Tax controversies in a manner that would reasonably be expected to affect the Tax Liabilities of Seller or any of its Affiliates in a material manner for any taxable year or period without the prior written consent of Seller. Each of Buyer and Seller shall provide the other with such assistance and cooperation as may reasonably be requested by the other Party in connection with the preparation of any Tax Return, any audit or other examination by any Taxing Authority, or any judicial or administrative proceedings relating to Liability for Taxes. Such assistance and cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and each will retain and provide the requesting Party with any records or information until the expiration of the statute of limitations (and, to the extent notified by the other Party, any extensions thereof) of the respective taxable periods which may be relevant to such Tax Return, audit or examination, proceedings or determination.

Section 5.14 Further Assurances. At any time and from time to time after the Closing, at the reasonable request of a Party and without further consideration, the other Party will or will cause its Affiliates to execute and deliver such instruments of sale, transfer, conveyance, assignment, assumption and confirmation and take such actions as the Parties may reasonably agree are necessary to transfer, convey and assign to Buyer, and to confirm Buyer's title to or interest in the Acquired Assets and assumption of and obligation with respect to the Assumed Liabilities, to put Buyer in actual possession and operating control of the Acquired Assets, and otherwise to consummate and give effect to the transactions contemplated by this Agreement. For avoidance of doubt, in the event that any asset that is an Acquired Asset shall not have been conveyed to Buyer at the Closing, Seller shall, subject to Section 5.3, use its commercially reasonable efforts to convey such asset to Buyer as promptly as is practicable after the Closing.

Section 5.15 Schedule Modifications During the Interim Period and Updates.

(a) Schedule Modifications. The Parties acknowledge and agree that Schedule 1.1-PL (solely with respect to matters that are or may be disclosed in any Title Commitment or any additional title insurance commitments obtained by Seller or Buyer pursuant to this Agreement, provided that any such disclosed matter will not be deemed to be a "Permitted Lien" under this Agreement without the Buyer's consent, not to be unreasonably withheld), Schedule 2.1(a), Schedule 2.1(c), Schedule 2.1(e), Schedule 2.1(g), Schedule 2.2(a), Schedule 2.2(b), Schedule 3.3, Schedule 3.6 (and upon such agreed upon modification based on updated title commitments, such updated title commitments shall become the "Title Commitments"), Schedule 3.7(b-1) and Schedule 3.7(b-2) are not final and in each case are subject to review and reasonable modifications requested in good faith by the Parties during the Interim Period. The Parties will cooperate in good faith during the Interim Period in connection with any requested modifications to such Schedules and to finalize Schedule 2.1(a) to effect the transactions contemplated by this Agreement, including the Related Agreements. For the avoidance of doubt, any modifications to the Schedules pursuant to this Section 5.15(a) are not intended to and shall not be made in order to cure any Party's breach as of the Effective Date or the Closing Date of a representation or warranty, but such modifications may be made to allow the Parties to finalize the Related Agreements and Schedule 2.1(a) in good faith and in accordance with the terms and conditions of this Agreement, and to confirm that the Acquired Assets constitute all of the assets intended to be transferred to Buyer in accordance with this Agreement.

(b) Schedule Updates. During the Interim Period, Seller shall supplement or amend the Schedules hereto with respect to any matter (regardless of whether such matter arose prior to, on or after the date hereof) if necessary to remedy any inaccuracy of any representation or warranty of Seller (each, a "**Schedule Update**"); *provided* that, except as specifically provided in this Section 5.15(b), no Schedule Update shall be deemed to be incorporated into or to supplement, amend or modify the Schedules. If Seller notifies Buyer that such event, development or occurrence which is the subject of the Schedule Update arose after the Effective Date and was not the result of a breach of this Agreement by Seller and constitutes a Material Adverse Effect, then Buyer shall have the right to terminate this Agreement without any penalty whatsoever. If Buyer has the right to, but does not elect to terminate this Agreement and the Closing occurs, then (i) Buyer shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to the matters specifically set forth in such Schedule Update that constituted or otherwise had a Material Adverse Effect, (ii) such Schedule Update shall be deemed to be incorporated into and to supplement, amend and modify the Schedules, and (iii) Buyer shall have irrevocably waived its rights to indemnification under Section 7.2 solely with respect to the matters specifically set forth in

such Schedule Update. For purpose of clarity, Buyer and the Seller acknowledge and agree that any Schedule Update that reflects an event, development or occurrence that either (A) occurred prior to the Effective Date and should have been set forth on the Schedules as of the execution of this Agreement or (B) that does not give Buyer the right to terminate this Agreement for failure to satisfy the closing condition set forth in Section 6.1(a) or otherwise pursuant to this Agreement shall be deemed to have been provided for information purposes only, shall not be deemed to cure any breach of this Agreement or affect the conditions to Closing or Buyer's indemnification rights set forth in this Agreement. In the event Buyer determines in good faith that any such Schedule Update, or prior Schedule Updates in the aggregate, could reasonably be expected to result in the incurrence by Buyer of Losses in excess of one percent (1.00%) of the Base Purchase Price, Buyer shall notify Seller of such determination within twenty (20) days of receipt of such Schedule Update from Seller, and the Parties shall negotiate in good faith an equitable adjustment to the Base Purchase Price to account for such Losses. Buyer will have the right to terminate this Agreement without any liability whatsoever if the aggregate of all such Losses equal or exceeds ten percent (10%) of the Base Purchase Price. In the event Buyer fails to deliver such determination to Seller within such twenty (20) day period, the Parties agree that no such equitable adjustment shall be made in respect of such Schedule Update.

Section 5.16 Casualty. If any material Acquired Asset is damaged or destroyed by a casualty loss during the Interim Period (a "**Casualty Loss**"), Seller shall promptly give Buyer written notice thereof, including reasonable details regarding the Casualty Loss, the amounts recoverable from insurance, any deductible for which Seller or any of its Affiliates would be required to pay out-of-pocket and any other information related to the costs and sources of repayment to restore such Casualty Loss. Upon receipt of such notice, Buyer will have the right, in its sole discretion, to (a) require Seller to restore such damaged or destroyed Acquired Asset to a condition reasonably comparable to its condition prior to such Casualty Loss (such costs with respect to any Acquired Asset, the "**Restoration Cost**") prior to the Closing; (b) proceed to Closing without Seller restoring such damaged or destroyed Acquired Asset, in which case Buyer will be entitled to a reduction in the Purchase Price equal to the difference between the Restoration Cost less any proceeds delivered to Buyer by Seller at the Closing related to the Casualty Loss; or (c) terminate this Agreement with no penalty whatsoever if the cost to repair exceeds ten percent (10%) of the Base Purchase Price (as determined by a qualified firm mutually selected by Buyer and Seller as promptly as practicable after the date of the event of casualty). Buyer will give notice to Seller of its election within sixty (60) days after receipt from Seller of all information reasonably required by Buyer and in Seller's possession or control related to the Casualty Loss. If Buyer requires Seller to restore the Casualty Loss, Buyer and Seller will negotiate in good faith if Seller believes that an extension of the Outside Date is required.

Section 5.17 Condemnation. If from time to time any portion of any Acquired Asset is taken by condemnation during the Interim Period (a "**Taking**"), Seller shall promptly give Buyer written notice thereof, including reasonable details regarding the Taking and the Acquired Assets affected thereby, the amounts being paid to Seller in connection with such Taking and any other information related to the costs and sources of repayment related to the Acquired Assets affected by such Taking. If the value of the Acquired Assets affected by the Taking is less than or equal to ten percent (10%) of the Base Purchase Price and no material portion of any Facility is affected, the proceeds of the Taking will be credited against the Base Purchase Price. If the value of the Acquired Assets affected by the Taking is greater than ten percent (10%) or if a material portion of any Facility is affected (regardless of the amount at issue), Buyer will have the right, in its sole discretion, to (a) proceed to Closing, in which case Buyer will be entitled to a reduction in the Purchase Price equal to the proceeds of the Taking, or (b) terminate this Agreement with no penalty whatsoever if the cost to restore exceeds ten percent (10%) of the Base Purchase Price (as determined by a qualified firm mutually selected by Buyer and Seller as promptly as practicable after the date of the event of condemnation). Buyer will give notice to Seller of its election within sixty (60) days after receipt from Seller of all information reasonably required by Buyer and in Seller's possession or control related to the Taking.

Section 5.18 Confidentiality. Buyer acknowledges and agrees that the Confidentiality Agreements remain in full force and effect and, in addition, covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreements, information provided to Buyer pursuant to this Agreement (including this Agreement and the Exhibits and Schedules hereto); *provided*, that from and after Closing, Buyer shall not have any obligation to maintain the confidentiality of information with respect to the Business or the Acquired Assets, but Buyer's confidentiality obligations under the Confidentiality Agreements (with respect to information concerning Seller and its Affiliates) shall otherwise continue. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreements and the provisions of this Section 5.18 shall nonetheless continue in full force and effect.

Section 5.19 Public Announcements. Except as otherwise expressly provided herein, each Party shall, and shall cause its Affiliates (as applicable) to, consult with the other Party regarding the timing and content of any public announcements regarding this Agreement, the Closing and the other transactions contemplated by this Agreement to the news media, financial community, any Governmental Authority, customers, suppliers or the general public. Except as otherwise provided herein, no Party or its Affiliates shall make any such public announcement without the prior written consent of the other Party, unless any such disclosure is otherwise required by Law or by the rules of a national securities exchange (in which case such Party will provide to the other Party reasonable advance notice of and an opportunity to review any such disclosure).

Section 5.20 Mercury Removal Contract. Seller shall be responsible for completing the scope of work set forth in the

“Scope of Work for the Abatement, Demolition and Disposal of the Mercury Vapor Power Units at Schiller Station – Rev 12.15.16” attached to and part of the Removal Contract as Exhibit E. If the Closing occurs before the Schiller Boiler Removal Completion Date, Buyer shall provide Seller, its Representatives, Removal Contractor and its subcontractors under the Removal Contract with reasonable access to Schiller Station to permit all such persons to complete such removal, but only to the extent that such access does not unreasonably interfere with the operation of Schiller Station, and subject to compliance with applicable Laws. Seller shall furnish Buyer with such information or other data related to the completion of such removal as Buyer may reasonably request, and Buyer shall cooperate with Seller and the Removal Contractor (at Seller’s expense) in connection with the completion of such removal.

ARTICLE VI CONDITIONS TO CLOSING

Section 6.1 Buyer’s Conditions to Closing. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the fulfillment, at or prior to Closing, of each of the following conditions (except to the extent waived in writing by Buyer):

(a) Representations and Warranties. (i) The representations and warranties (other than the Seller Fundamental Warranties, which are addressed in clause (ii) below) made by Seller in Article III hereof (without giving effect to any materiality or Material Adverse Effect qualifiers contained therein) shall be true and correct on the Closing Date as though made on and as of the Closing Date, except (x) for changes expressly permitted or contemplated hereby, (y) representations and warranties that address matters only as of a specified date, which shall be true and correct as of such specified date, subject to the immediately following clause (z), or (z) where the failure to be so true and correct would not individually or in the aggregate have or would not reasonably be expected to have a Material Adverse Effect, or would not have a material adverse effect on Seller’s ability to consummate the transactions contemplated by this Agreement or the Related Agreements. (ii) The Seller Fundamental Warranties shall be true and correct in all material respects on the Closing Date as though made on and as of the Closing Date, except for changes expressly permitted Section 5.15(a) with respect to Section 3.6. (iii) Notwithstanding anything contained herein to the contrary, to the extent any inaccuracy in any representation or warranty of Seller that, individually or in the aggregate with any other such inaccuracy, results in or creates or could reasonably be expected to result in or create a Loss or Claim in excess of ten percent (10%) of the Base Purchase Price, the conditions of this Section 6.1(a) shall be deemed to be not fulfilled.

(b) Title Commitments. Receipt of title commitments for each Facility, each in form and substance reasonably satisfactory to Buyer, and such that the only condition to the issuance of Title Policies from such title commitments is the payment of the title insurance premiums.

(c) Performance. Seller shall have performed and complied, in all material respects, with all agreements, covenants and obligations required by this Agreement to be performed or complied with by Seller at or before the Closing.

(d) Officer’s Certificate. Seller shall have delivered to Buyer at the Closing a certificate of an authorized officer of Seller, dated as of the Closing Date, stating that the conditions set forth in Section 6.1(a) and Section 6.1(c) have been satisfied.

(e) Consents. The Seller Required Consents and the Buyer Required Consents marked with an asterisk on Schedule 3.3 and Schedule 4.3 shall have been duly obtained, made or given and shall be in full force and effect, all appeal, reconsideration, rehearing or other time periods relating to the finality of all such Consents have expired with no appeals, motions for reconsideration, or rehearing shall have been made or exist or, if any such matters shall exist, they have been finally determined to the reasonable satisfaction of Buyer, and all terminations or expirations of waiting periods imposed by any Governmental Authority with respect thereto (including under the HSR Act) shall have occurred.

(f) No Injunctions. On the Closing Date, there shall be no Laws in effect that operate to restrain, enjoin or otherwise prevent or make illegal the consummation of the transactions contemplated by this Agreement.

(g) Deliveries. Seller shall have delivered or shall stand ready to deliver all of the certificates, instruments, agreements, documents and other items specified to be delivered by it hereunder, including pursuant to Section 2.10.

Section 6.2 Seller’s Conditions to Closing. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the fulfillment, at or prior to Closing, of each of the following conditions (except to the extent waived in writing by Seller):

(a) Representations and Warranties. (i) The representations and warranties (other than the Buyer Fundamental Warranties, which are addressed in clause (ii) below) of Buyer set forth in Article IV hereof (without giving effect to any materiality qualifiers contained therein) shall be true and correct in all respects on the Closing Date as though made on and as of the Closing Date except (x) for changes expressly permitted or contemplated hereby, (y) in the case of representations and warranties that address

matters only as of a specified date, on and as of such specified date, subject to the immediately following clause (z), or (z) where the failure to be so true and correct would not reasonably be expected to have a material adverse effect on the ability of Buyer to consummate the transactions contemplated by this Agreement and the Related Agreements. (ii) The Buyer Fundamental Warranties shall be true and correct in all material respects on the Closing Date as though made on and as of the Closing Date.

(b) Performance. Buyer shall have performed and complied, in all material respects, with all agreements, covenants and obligations required by this Agreement to be performed or complied with by Buyer at or before the Closing.

(c) Officer's Certificate. Buyer shall have delivered to Seller at the Closing a certificate of an authorized officer of Buyer, dated as of the Closing Date, stating that the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied.

(d) Consents. The Seller Required Consents and the Buyer Required Consents marked with an asterisk on Schedule 3.3 and Schedule 4.3 shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Authority with respect thereto (including under the HSR Act) shall have occurred.

(e) No Injunctions. On the Closing Date, there shall be no Laws in effect that operate to restrain, enjoin, prohibit or otherwise prevent or make illegal the consummation of the transactions contemplated by this Agreement.

(f) Deliveries. Buyer shall have delivered or shall stand ready to deliver all of the certificates, instruments, agreements, documents and other items specified to be delivered by it hereunder, including pursuant to Section 2.11.

(g) Closing Purchase Price. Buyer shall have delivered the Closing Purchase Price in accordance with Section 2.5.

ARTICLE VII INDEMNIFICATION; LIMITATIONS OF LIABILITY AND WAIVERS

Section 7.1 Survival. Subject to the limitations and other provisions of this Agreement, including Section 7.4, (a) the Seller Fundamental Warranties and the Buyer Fundamental Warranties shall survive the Closing and remain in full force and effect indefinitely; (b) each of the Tax and HR Warranties shall survive until the expiration of all applicable statutes of limitation with respect to claims for breach of any such Tax and HR Warranty; (c) the representation and warranty in Section 3.7(a) shall survive the Closing and shall remain in full force and effect for a period of five (5) years following the Closing Date; and (d) all other representations and warranties of Seller set forth in Article III and all other representations and warranties of Buyer set forth in Article IV shall survive the Closing and shall remain in full force and effect for a period of twelve (12) months following the Closing Date. The covenants and agreements of the Parties contained in this Agreement to be performed on or prior to the Closing shall expire at the Closing and have no further force or effect, and the covenants and agreements of the Parties contained in this Agreement that by their terms survive the Closing or contemplate performance after the Closing shall survive for the period set forth therein or otherwise until fully performed. The indemnification obligations of any Party pursuant to this Article VII with respect to any breach of a representation or warranty hereunder shall terminate upon the expiration of such representation or warranty as set forth in this Section 7.1.

Section 7.2 Indemnification by Seller. Subject to the other provisions of this Article VII, from and after the Closing, Seller shall indemnify, defend and hold harmless Buyer, its Affiliates and their respective Representatives (collectively, the “**Buyer Indemnified Parties**”) from and against all Losses suffered or incurred by a Buyer Indemnified Party resulting or arising from:

(a) Any breach of any representation or warranty of Seller contained in this Agreement that survives the Closing as specified in Section 7.1;

(b) Any breach of any covenant or agreement of Seller contained in this Agreement that survives the Closing as specified in Section 7.1; or

(c) Any Excluded Liability, excluding from this indemnity obligation (i) any Excluded Environmental Liability that has become an Assumed Liability pursuant to Section 2.4(i) and (ii) any Environmental Liability resulting from Buyer's Dig Activities.

Section 7.3 Indemnification by Buyer. Subject to the other provisions of this Article VII, from and after the Closing, Buyer shall indemnify, defend and hold harmless Seller, its Affiliates and their respective Representatives (collectively, the “**Seller Indemnified Parties**”) from and against all Losses suffered or incurred by a Seller Indemnified Party resulting or arising from:

(a) Any breach of any representation or warranty of Buyer contained in this Agreement that survives the Closing as specified in Section 7.1;

(b) Any breach of any covenant or agreement of Buyer contained in this Agreement that survives the Closing as

specified in Section 7.1;

(c) Any Assumed Liability, including within this indemnity obligation (i) any Excluded Environmental Liability that has become an Assumed Liability pursuant to Section 2.4(i) and (ii) any Environmental Liability resulting from Buyer's Dig Activities.

Section 7.4 Certain Limitations and Provisions. The Buyer Indemnified Party or Seller Indemnified Party, as applicable, making a claim for indemnification under this Article VII is referred to herein as the "**Indemnified Party**" and the Party against whom such claims are asserted under this Article VII is referred to as the "**Indemnifying Party**." The indemnification provided for in this Article VII shall be subject to the following limitations and other provisions:

(a) Seller shall have no liability for indemnification of any Losses under Section 7.2(a) (other than arising out of any breach of the Seller Fundamental Warranties, the Tax and HR Warranties and instances of Seller's criminal conduct or common law or statutory fraud for which, in each case, the Threshold Amount shall be zero) until the aggregate amount of all such Losses equals or exceeds one-half percent (0.5%) of the Base Purchase Price (the "**Threshold Amount**"), in which event Seller shall only be liable for Losses in excess of the Threshold Amount. Notwithstanding anything herein to the contrary, the aggregate amount of all Losses for which Seller shall be liable shall be limited as follows:

(i) Indemnification for Losses pursuant to Section 7.2(a) (excluding such Losses set forth in Section 7.4(a)(ii) and Section 7.4(a)(iii) below) shall not exceed an amount equal to ten percent (10%) of the Base Purchase Price;

(ii) Indemnification for Losses pursuant to Section 2.4(i)(A), Section 2.4(i)(B)(I) and Section 7.2(a) (to the extent relating to Seller's breach of Section 3.11(b) or Section 3.11(d)) shall not exceed Twenty-Five Million Dollars (\$25,000,000); and

(iii) Indemnification for breach of any Seller Fundamental Warranty or Tax and HR Warranty shall not exceed an amount equal to the Base Purchase Price.

Notwithstanding anything herein to the contrary, Seller shall have no liability for indemnification under Section 7.2(a) or Section 7.2(b) for Losses with respect to any individual item or set of items arising out of substantially similar facts and circumstances unless the amount of Losses with respect to such item equals or exceeds Fifty Thousand Dollars (\$50,000), and if such amount is not equaled or exceeded, none of the Losses with respect to such items will be counted toward the Threshold Amount.

(b) Buyer shall have no liability for indemnification of any Losses under Section 7.3(a) (other than arising out of any breach of the Buyer Fundamental Warranties and instances of Buyer's criminal conduct or common law or statutory fraud for which, in each case, the Threshold Amount shall be zero) until the aggregate amount of all such Losses equals or exceeds the Threshold Amount, in which event Buyer shall only be liable for Losses in excess of the Threshold Amount. Notwithstanding anything herein to the contrary, the aggregate amount of all Losses for which Buyer shall be liable pursuant to Section 7.3(a) shall not exceed an amount equal to ten percent (10%) of the Base Purchase Price, except with respect to any breach of any Buyer Fundamental Warranty, in which case Buyer's liability shall not exceed an amount equal to the Base Purchase Price. Notwithstanding anything herein to the contrary, Buyer shall have no liability for indemnification under Section 7.3(a) or Section 7.3(b) for Losses with respect to any individual item or set of items arising out of substantially similar facts and circumstances unless the amount of Losses with respect to such item equals or exceeds Fifty Thousand Dollars (\$50,000), and if such amount is not equaled or exceeded, none of the Losses with respect to such items will be counted toward the Threshold Amount, *provided, further* that Buyer shall have no liability for indemnification of any Losses incurred by Seller related to court costs, fees of attorneys, accountants, consultants and other experts, and document production in defense of Claims arising under Section 7.3(c)(i); *provided, however*, if Buyer fails to assume (and had the obligation to assume) the obligation to indemnify Seller under Section 7.3(c) for an Excluded Environmental Liability that has become an Assumed Liability, then Buyer shall reimburse Seller for those enumerated Losses.

(c) Any Indemnified Party that becomes aware of a Loss for which it seeks indemnification under this Article VII shall be required to use commercially reasonable efforts to mitigate the Loss.

(d) Losses of any Indemnified Party hereunder shall be calculated after deducting the amount of any insurance proceeds and any indemnity, contribution or other similar Third Party recoveries actually received or reasonably expected to be received by such Indemnified Party in respect of such Loss at or prior to the time of such calculation (net of the reasonable out of pocket costs and expenses associated with such recoveries and any associated increases in insurance premiums). The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or similar agreements for any Losses prior to seeking indemnification under this Agreement.

(e) All Losses shall be determined without duplication of recovery under any other provisions of this Agreement or any Related Agreement. Without limiting the generality of the foregoing, (i) if any fact, circumstance, condition, agreement or event

forming a basis for a claim for indemnification under this Article VII shall overlap with any fact, circumstance, condition, agreement or event forming the basis of any other claim for indemnification under this Article VII, there shall be no duplication in the calculation of the amount of Losses, and (ii) neither Seller nor Buyer shall have any liability under this Article VII for Losses relating to matters to the extent included in the calculation of the Purchase Price Adjustment in accordance with Section 2.6 or the prorations made in accordance with Section 2.7 (other than the failure to pay or credit any amounts so included).

(f) Solely for purposes of calculating Losses arising from a breach of any representation, warranty or covenant hereunder (and not for purposes of determining the existence of a breach of any representation, warranty or covenant), any materiality or Material Adverse Effect qualifications in such representation or warranty shall be disregarded.

(g) Notwithstanding anything to the contrary contained in this Agreement, the limitations on any liability or Loss set forth in this Agreement shall not apply in instances of Seller's or Buyer's, as applicable, willful misconduct, criminal conduct or common law or statutory fraud.

Section 7.5 Indemnification Procedures.

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Claim made or brought by any Third Party (a "**Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 7.5(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it, subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 7.5(b), pay, compromise or defend such Third Party Claim and, subject to the limitations set forth in this Article VII, seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 5.18) information reasonably available to such Party relating to such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 7.5(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 7.5(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any Claim by an Indemnified Party for indemnification on account of a Loss which does not result from a Third Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof, and in any event within thirty (30) days after the discovery by the Indemnified Party of the circumstances giving rise to such Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During such thirty (30) day period, the Indemnified Party shall allow the Indemnifying Party and its Representatives to

investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such reasonable information and assistance (including access to the Indemnified Party's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request (subject to the provisions of Section 5.18). If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 7.6 Tax Treatment of Indemnification Payments. Unless otherwise required by applicable Law, all indemnification payments made pursuant to this Agreement will be treated as an adjustment to the Purchase Price for all Tax purposes

Section 7.7 Waiver of Other Representations; No Reliance; "As Is" Sale.

(a) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY AND EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE III, IT IS THE EXPLICIT INTENT OF EACH PARTY, AND THE PARTIES HEREBY AGREE, THAT NONE OF SELLER, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES HAS MADE OR IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE, WRITTEN OR ORAL, WITH RESPECT TO, (I) THE ACQUIRED ASSETS, THE ASSUMED LIABILITIES, OR ANY PART THEREOF OR (II) THE ACCURACY OR COMPLETENESS OF THE INFORMATION, RECORDS, AND DATA NOW, HERETOFORE, OR HEREAFTER MADE AVAILABLE TO BUYER IN CONNECTION WITH THIS AGREEMENT AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. BUYER HAS NOT EXECUTED OR AUTHORIZED THE EXECUTION OF THIS AGREEMENT IN RELIANCE UPON ANY SUCH PROMISE, REPRESENTATION OR WARRANTY NOT EXPRESSLY SET FORTH HEREIN.

(b) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE III, THE ACQUIRED ASSETS ARE SOLD "AS IS, WHERE IS," "WITH ALL FAULTS," AND NONE OF SELLER OR ITS AFFILIATES, NOR ANY OF THEIR RESPECTIVE REPRESENTATIVES, MAKE OR HAVE MADE, AND BUYER IS NOT RELYING ON, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE, WRITTEN OR ORAL, AS TO LIABILITIES, OPERATIONS OF THE FACILITIES, TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS OR ANY OTHER MATTERS RESPECTING THE ACQUIRED ASSETS OR ASSUMED LIABILITIES, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO (I) THE ACTUAL OR RATED GENERATING CAPABILITY OF ANY OF THE FACILITIES OR THE ABILITY OF BUYER TO SELL FROM ANY OF THE FACILITIES ELECTRIC ENERGY, CAPACITY OR OTHER PRODUCTS RECOGNIZED BY ISO-NE FROM TIME TO TIME, (II) MERCHANTABILITY, USAGE, OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ACQUIRED ASSETS, OR ANY PART THEREOF, (III) THE WORKMANSHIP OF THE ACQUIRED ASSETS, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, (IV) COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS RESPECTING THE ACQUIRED ASSETS, (V) WHETHER SELLER POSSESSES SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY TO OPERATE THE ACQUIRED ASSETS, OR (VI) THE PROBABLE SUCCESS OR PROFITABILITY OF OPERATING THE ACQUIRED ASSETS AFTER THE CLOSING, ALL OF WHICH ARE EXPRESSLY DISCLAIMED BY SELLER. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, SELLER FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS SUBSTANCES OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED HEREIN, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE ACQUIRED ASSETS OR THE SUITABILITY THEREOF FOR OPERATION AS POWER GENERATION FACILITIES OR AS SITES FOR THE DEVELOPMENT OF ADDITIONAL OR REPLACEMENT GENERATION CAPACITY. NO MATERIAL OR INFORMATION MADE AVAILABLE BY OR COMMUNICATIONS MADE BY SELLER, ITS AFFILIATES AND THEIR RESPECTIVE REPRESENTATIVES, THE NHPUC, OR ANY BROKER OR INVESTMENT BANKER IN EXPECTATION OF OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING WITHOUT LIMITATION ANY INFORMATION OR MATERIAL CONTAINED IN THE CONFIDENTIAL INFORMATION MEMORANDUM DATED AS OF MARCH 2017, ANY OTHER EVALUATION OR DUE DILIGENCE MATERIAL, THE DATA SITE, MANAGEMENT PRESENTATIONS, FUNCTIONAL "BREAK-OUT" DISCUSSIONS, OR ANY ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST MADE AVAILABLE TO BUYER, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN ARTICLE III, AND EXCEPT AS EXPRESSLY PROVIDED HEREIN, SELLER SHALL NOT HAVE OR BE SUBJECT TO ANY LIABILITY TO

BUYER RESULTING THEREFROM.

Section 7.8 Exclusive Remedies; Certain Waivers, Releases and Limitations.

(a) Notwithstanding anything to the contrary set forth herein, subject to Section 8.3, from and after the Closing, the rights and remedies of the Parties under this Article VII, in Section 5.4(d) and in Section 5.8(f) shall be the exclusive rights and remedies available to any Party hereto with respect to any breach of any representation, warranty, covenant or agreement set forth in this Agreement, except in each case with respect to Losses arising from common law or statutory fraud, criminal activity or willful misconduct. Nothing in this Section 7.8(a) shall limit any Party's rights to seek and obtain any equitable relief to which such Party is entitled pursuant to Article VIII.

(b) Without limiting the provisions of Section 7.8(a), Buyer, for itself and its Affiliates, effective as of the Closing, hereby irrevocably releases, and forever discharges Seller, its Representatives and its Affiliates from any and all claims, demands, Losses, Liabilities, damages, complaints, causes of action, investigations, hearings, actions, suits or other Claims or proceedings of any kind or character whether known or unknown, hidden or concealed, arising out of or related to any Environmental Liability, except for those Excluded Environmental Liabilities but only to the extent and for so long as the same are retained by Seller pursuant to Section 2.4(h) and Section 2.4(i). In furtherance of the foregoing, effective as of the Closing, Buyer, for itself and its Affiliates, hereby irrevocably waives, with respect to any matter it is releasing pursuant to the preceding sentence, any and all rights and benefits that it now has or in the future may have conferred upon it by virtue of any Law or common law principle which provides that a general release does not extend to claims which a party does not know or suspect to exist in its favor at the time of executing such release, if knowledge of such claims would have materially affected such party's settlement with the obligor. Buyer hereby acknowledges that it is aware that factual matters now unknown to it may have given or hereafter may give rise to claims, demands, Losses, Liabilities, damages, complaints, causes of action, investigations, hearings, actions, suits or other Claims or proceedings that are unknown, unanticipated and unsuspected as of the Effective Date and will not be known, anticipated or suspected prior to the Closing Date, and Buyer further agrees that this Section 7.8(b) has been negotiated and agreed upon in light of that awareness, and Buyer, for itself and on behalf of its Affiliates, nevertheless hereby intends to irrevocably release, forever discharge Seller and its Affiliates as set forth in the first sentence of this Section 7.8(b).

(c) To the extent the transfer, conveyance, assignment and delivery of the Acquired Assets to Buyer as contemplated in this Agreement is accomplished by deeds, assignments, easements, leases, licenses, bills of sale or other instruments of transfer and conveyance, whether executed at the Closing or thereafter, these instruments are made without representation or warranty by, or recourse against, Seller, except as expressly provided in this Agreement or in any such instrument.

(d) No Representative or Affiliate of Seller shall have any personal liability to Buyer or any other Person as a result of the breach of any representation, warranty, covenant, agreement or obligation of Seller in this Agreement, and no Representative or Affiliate of Buyer shall have any personal liability to Seller or any other Person as a result of the breach of any representation, warranty, covenant, agreement or obligation of Buyer in this Agreement.

(e) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NO PARTY SHALL BE LIABLE FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES, OR LOST OPPORTUNITY, OR ANY DAMAGES BASED ON ANY TYPE OF MULTIPLE, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE AND WHETHER OR NOT ARISING FROM THE OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT ("NON-REIMBURSABLE DAMAGES"), PROVIDED, THAT ANY AMOUNTS PAYABLE TO THIRD PARTIES PURSUANT TO A THIRD PARTY CLAIM SHALL NOT BE DEEMED TO CONSTITUTE NON-REIMBURSABLE DAMAGES.

**ARTICLE VIII
TERMINATION**

Section 8.1 Termination. This Agreement may be terminated at any time before the Closing as follows:

(a) By either Buyer or Seller, by written notice to the other, if the Closing shall not have occurred within twelve (12) months after the Effective Date, as may be extended pursuant to Section 5.16 (the "**Outside Date**"); *provided*, that (i) if the sole reason Closing has not occurred prior to the Outside Date is that one or more Consents of a Governmental Authority required to consummate the Closing pursuant to Article VI have not yet been obtained or made, and such Consents are being diligently pursued by the appropriate Party, then such Outside Date may be extended by either Party by written notice to the other Party delivered at any time before termination of this Agreement, for an additional ninety (90) days, and (ii) Buyer cannot terminate this Agreement under this provision if the failure of the Closing to occur is the result of the failure on the part of Buyer to perform any of its obligations hereunder and Seller cannot terminate this Agreement under this provision if the failure of the Closing to occur is the result of the failure on the

part of Seller to perform any of its obligations hereunder;

(b) By Seller, by written notice to Buyer if Seller is not then in material default of any of its obligations under this Agreement and Buyer has breached in any material respect any of its representations, warranties, covenants, agreements or obligations in this Agreement and such breach has not been cured within thirty (30) days following written notification thereof (*provided*, that if, at the end of such thirty (30) day period, Buyer is endeavoring in good faith, and proceeding diligently, to cure such breach, Buyer shall have an additional thirty (30) days in which to effect such cure), and such breach, if not cured, would have a material adverse effect on Buyer's ability to perform its obligations hereunder;

(c) By Buyer, by written notice to Seller if Buyer is not then in material default of any of its obligations under this Agreement and Seller has breached in any material respect any of its representations, warranties, covenants, agreements or obligations in this Agreement and (i) such breach has not been cured within thirty (30) days following written notification thereof; *provided, however*, that if, at the end of such thirty (30) day period, Seller is endeavoring in good faith, and proceeding diligently, to cure such breach, Seller shall have an additional thirty (30) days in which to effect such cure and (ii) such breach (to the extent not cured) would have a material and adverse effect on the operation of the Business, including the Acquired Assets, or would have a material and adverse effect on Seller's ability to perform its obligations hereunder;

(d) By either Buyer or Seller, by written notice to the other, if there shall be in effect any Law or final, non-appealable Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(e) By Buyer in accordance with Section 5.16 or Section 5.17;

(f) By Buyer pursuant to Section 2.6(a)(iii)(A)(2) or Section 5.15(b); or

(g) By mutual written agreement of Buyer and Seller.

Section 8.2 Effect of Termination; Termination Fee.

(a) If this Agreement is validly terminated pursuant to Section 8.1, there will be no liability or obligation on the part of Seller or Buyer (or any of their respective Representatives or Affiliates), except as provided in this Section 8.2.

(b) Regardless of the reason for termination, Section 5.4(d), Section 5.18, Section 5.19, Section 7.7, Section 8.2, Section 8.2(d), Section 8.3 and Article IX (and, in each case the applicable definitions and rules of interpretation set forth in Article I) will survive any termination of this Agreement.

(c) Upon termination of this Agreement by either Party for any reason, each Party shall return or destroy, in accordance with the terms of the Confidentiality Agreements and Section 5.18, all documents and other materials provided by the other Party relating to the Acquired Assets, the Assumed Liabilities, the Facilities or to this Agreement, the Related Agreements or the transactions contemplated hereby or thereby, including any information relating to the Parties to this Agreement, whether obtained before or after the execution of this Agreement, and all information received by Buyer with respect to Seller, the Acquired Assets, the Assumed Liabilities, the Facilities, this Agreement, the Related Agreements or otherwise respecting the transactions contemplated hereby shall remain subject to the terms of the Confidentiality Agreements and Section 5.18.

(d) If this Agreement is terminated by Buyer pursuant to Section 8.1(a) (arising out of a failure of Seller to comply in all material respects with its obligations under this Agreement) or Section 8.1(c), and such failure to comply is through no fault of Buyer, and provided that Buyer has complied in all material respects with its obligations under this Agreement, Buyer shall be entitled to recover from Seller all costs incurred by Buyer in connection with the preparation, negotiation and execution of this Agreement or recovery of damages from Seller, including attorneys' fees and expenses of financial and other advisors. In addition to the foregoing damages (and not in lieu thereof), if such termination by Buyer occurs after January 1, 2018, Buyer is entitled to its loss of bargain, cost of funding or, at the election of Buyer but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them) of Buyer relating to any of the Facilities.

(e) If this Agreement is terminated by Seller pursuant to Section 8.1(a) (arising out of a failure by Buyer to pay the Purchase Price and make its other Closing deliverables under this Agreement after all of Buyer's conditions precedents to proceed to Closing have been satisfied) or Section 8.1(b), and such failure to comply is through no fault of Seller, and provided that Seller has complied in all material respects with its obligations under this Agreement, then, and in lieu of any other rights or remedies Seller may have at law or in equity, (i) Buyer hereby agrees to immediately pay to Seller, as liquidated damages (and not a penalty), an amount equal to Twenty-Six Million Two Hundred Fifty Dollars (\$26,250,000) in immediately available funds and (ii) Seller shall have the

right to immediately seek such relief from the guarantors under the Guaranty to satisfy such payment obligation. The Parties acknowledge and agree that the provisions for payment of liquidated damages in this Section 8.2(d) have been included because, in the event of termination of this Agreement pursuant to Section 8.1(a) or Section 8.1(b), the actual damages to be incurred by Seller are reasonably expected to approximate the amount of liquidated damages set forth in this Section 8.2(d) and because the actual amount of such damages would be difficult if not impossible to measure and prove precisely. The Parties therefore expressly intend to liquidate damages in advance in accordance with this Section 8.2(d), and, without limiting the generality of the foregoing, acknowledge and agree that the amount of liquidated damages set forth in this Section 8.2(d) is reasonable and is not greatly disproportionate to the presumable loss or injury of Seller in the event of termination of this Agreement pursuant to Section 8.1(a) or Section 8.1(b). Buyer acknowledges that the agreements contained in this Section 8.2(d) are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Seller would not enter into this Agreement. The Parties acknowledge and agree that (A) Seller shall be entitled to pursue either payment of liquidated damages in accordance with this Section 8.2(d) or to pursue specific performance pursuant to Section 8.3 and (B) Seller may, in its sole discretion, elect to receive either an award of liquidated damages in accordance with this Section 8.2(d) or seek judgment awarding specific performance pursuant to Section 8.3; *provided*, that the Parties acknowledge and agree that under no circumstance shall Seller be entitled to receive both payment of liquidated damages in accordance with this Section 8.2(d) and specific performance pursuant to Section 8.3.

Section 8.3 Specific Performance and Other Remedies. Each Party hereby acknowledges and agrees that the rights of each Party to consummate the transactions contemplated hereby are special, unique and of extraordinary character, and that, if any of the provisions of this Agreement were not performed by a Party in accordance with their specific terms or were otherwise breached by a Party, the non-breaching Party would suffer irreparable damage and would be without an adequate remedy at law. Notwithstanding anything to the contrary herein, if any Party violates or fails or refuses to perform any covenant or agreement made by such Party herein, without limiting or waiving in any respect any rights or remedies of a Party under this Agreement now or hereafter existing at law, in equity or by statute, the non-breaching Party shall, in addition to any other remedy to which a Party is entitled at law or in equity, be entitled to specific performance of such covenant or agreement, injunctions to prevent or restrain breaches of this Agreement, and any other equitable relief, in each case without the proof of actual damages. Each Party agrees to waive any requirement for the security or posting of any bond in connection with any such equitable remedy, and agrees that it will not oppose the granting of an injunction, specific performance or other equitable relief on the basis that (a) the other Party has an adequate remedy at law, or (b) an award of specific performance is not an appropriate remedy for any reason at law or equity.

ARTICLE IX MISCELLANEOUS

Section 9.1 Expenses. Except as otherwise expressly provided in this Agreement, including in Section 8.2, whether or not the Closing shall have occurred, each Party will pay its own costs and expenses (including, without limitation, fees and disbursements of counsel, financial advisors and accountants) incurred in anticipation of, relating to and in connection with the negotiation and execution of this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, (a) each Party will pay all filing fees for Consents of Governmental Authorities required in connection with this Agreement, the Related Agreements and the transactions contemplated hereby and thereby, including filing fees in connection with filings under the HSR Act or in connection with obtaining required Consents from FERC as set forth in this Agreement, (b) Buyer will pay all document recordation costs (including all New Hampshire County Registry of Deeds recording fees and New Hampshire Land and Community Heritage Investment Program surcharges for all deeds, mortgage indenture releases, easements, plans and other recorded documents), and (c) Seller will pay all fees, including filing and recording fees, related to the discharge and release of all Liens encumbering the Acquired Assets, excluding the Permitted Liens.

Section 9.2 Notices. All notices, requests, consents, waivers, demands, claims and other communications hereunder will be in writing and shall be deemed duly given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail (in each case, with confirmation of delivery) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the applicable Party at the address and/or other contact information for such Party set forth below (or at such other address and/or other contact information for a Party as shall be specified in a notice given in accordance with this Section 9.2):

If to Seller: Public Service Company of New Hampshire
 c/o Eversource Energy
 56 Prospect Street
 Hartford, Connecticut 06103
 Attention: General Counsel
 with a copy to:

Public Service Company of New Hampshire
780 North Commercial Street
Manchester, New Hampshire 03101-1134
Attention: Law Department

If to Buyer: Granite Shore Power LLC
c/o Atlas Capital Resources II LP
100 Northfield Street
Greenwich, Connecticut 06830
Attention: General Counsel

and

Granite Shore Power LLC
c/o Castleton Commodities International LLC
2200 Atlantic Street, Suite 800
Stamford, Connecticut 06902
Attn: General Counsel

Section 9.3 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto), the Related Agreements and the Confidentiality Agreements constitute, as a complete and final integration thereof, the sole and entire agreement of the Parties with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements (other than the Confidentiality Agreements), understandings or representations, both written and oral, between the Parties with respect to such subject matter. Except as otherwise set forth herein, all conflicts or inconsistencies between the terms hereof and the terms of any of the Related Agreements, if any, shall be resolved in favor of this Agreement.

Section 9.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be valid, binding and enforceable under applicable Law. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights and obligations of any Party will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms of such illegal, invalid or unenforceable provision as may be possible.

Section 9.5 Schedules and Exhibits. Except as otherwise provided in this Agreement, all Schedules and Exhibits referred to herein, as the same may be amended, modified or supplemented from time to time in accordance with this Agreement, are intended to be and hereby are made a part of this Agreement. Any matter set forth in any Schedule under this Agreement corresponding to or qualifying a specific numbered paragraph of this Agreement shall be deemed to correspond to and qualify any other numbered paragraph of this Agreement to which the relevance or applicability of such matter is reasonably apparent on its face, whether or not there is an explicit cross-reference thereto. Certain information set forth in the Schedules is included solely for informational and other disclosure purposes, is not an admission of liability with respect to the matters covered by the information, and may not be required to be disclosed pursuant to this Agreement. The specification of any dollar amount in any provision of this Agreement or the inclusion of any specific item in the Schedules is not intended to imply, and shall not be deemed to be an acknowledgement or admission, that such amounts (or higher or lower amounts) or items are or are not material, and shall not otherwise be deemed to establish any standard of materiality or to define further or otherwise interpret the meaning of "material," "Material Adverse Effect," or any similar terms for purposes of the Agreement. In no event shall the inclusion of any matter in these Schedules be deemed or interpreted to broaden or otherwise amplify the representations, warranties, covenants or agreements contained in this Agreement. Capitalized terms used and not otherwise defined in the Schedules shall have the meanings given to them in this Agreement.

Section 9.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written consent of the other Party. Notwithstanding the foregoing, either Party may assign its rights under this Agreement without the consent of the other Party for purposes of providing collateral security in connection with any financing. No assignment shall relieve the assigning Party of any of its obligations hereunder or thereunder. Notwithstanding the foregoing, Buyer will have the right by written notice to Seller not less than fifteen (15) days prior to the Closing to direct the transfer of Acquired Assets (but without duplication) to one or more wholly-owned subsidiaries of Buyer (each, a "**Buyer Subsidiary**") and agrees that each Buyer Subsidiary will assume in writing (a copy of which shall be provided to Seller) any Assumed Liability related to such Acquired Assets assigned to it and be liable to Seller for Buyer's obligations under this Agreement related to such Assumed Liabilities and Acquired Assets, provided that Buyer will remain liable for all obligations related to such any Assumed Liability

assumed by a Buyer Subsidiary.

Section 9.7 No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the Parties hereto, their respective successors and permitted assigns, and any Person benefitting from the indemnities, releases or limitations of liability provided herein, and nothing herein, express or implied, is intended to or shall confer upon any other Person (including any employee, any beneficiary or dependents thereof, or any collective bargaining representative thereof) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.8 No Joint Venture or Agency. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation or liability on or with respect to either Party. Except as expressly provided herein, neither Party is or shall act as or be the agent or representative of the other Party.

Section 9.9 Amendments and Waivers. Except to the extent expressly set forth herein with respect to Schedule Updates during the Interim Period, this Agreement may not be amended, modified or supplemented except by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after such written waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the state of New Hampshire without giving effect to any choice or conflict of law provision or rule (whether of the state of New Hampshire or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the state of New Hampshire, except to the extent that certain matters are pre-empted by federal Law or are governed by the Law of the jurisdiction of organization of any Party or other Person referred to herein.

Section 9.11 Dispute Resolution. Prior to instituting any litigation or dispute resolution mechanism, each of the Parties will attempt in good faith to resolve any dispute or claim promptly by referring any such matter to their respective senior executives for resolution. Either Party may give the other Party written notice of any dispute or claim. Within ten (10) days after delivery of said notice, the executives will meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute or claim within thirty (30) days.

Section 9.12 Submission to Jurisdiction. ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL BE INSTITUTED IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATE OF NEW HAMPSHIRE IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 9.12. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY CONSENTS AND DOES HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE BUSINESS AND COMMERCIAL DISPUTE DOCKET (BCDD) OF THE SUPERIOR COURT OF THE STATE OF NEW HAMPSHIRE PURSUANT TO N.H. SUPERIOR COURT CIVIL RULE 207 OR THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW HAMPSHIRE FOR ANY SUCH ACTION, SUIT OR PROCEEDING, AND HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT, OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 9.13 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE RELATED AGREEMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 9.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail, PDF or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

SELLER:

PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE

By: /S/ PHILIP J. LEMBO

Name: Philip J. Lembo

Title: Executive Vice President and Chief Financial Officer

BUYER:

GRANITE SHORE POWER LLC

By: GRANITE SHORE POWER HOLDINGS LLC, its Managing Member

By: ATLAS CAPITAL RESOURCES II LP,
a Member

By: ATLAS CAPITAL GP II LP, its General Partner

By: ATLAS CAPITAL RESOURCES GP II LLC, its General Partner

By: /S/ TIMOTHY FAZIO

Name: Timothy Fazio

Title: Authorized Representative

By: CCI POWER ASSET HOLDINGS II LLC, a Member

By: /S/ BRADLEY ROMINE

Name: Bradley Romine

Title: Authorized Representative

PURCHASE AND SALE AGREEMENT

between

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
as Seller

and

HSE Hydro NH AC, LLC
as Buyer

Dated as of October 11, 2017

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (the “**Agreement**”), dated and effective as of October 11, 2017 (the “**Effective Date**”), is entered into by and between HSE Hydro NH AC, LLC, a Delaware limited liability company (“**Buyer**”) and Public Service Company of New Hampshire, a New Hampshire corporation (“**Seller**”). Buyer and Seller are each referred to in this Agreement as a “**Party**” and collectively as the “**Parties**.”

RECITALS:

WHEREAS, Seller owns the electric generating facilities described in Schedule 1 hereto (collectively, the “**Facilities**”);

WHEREAS, Seller owns 1,250 shares of capital stock (the “**ARCO Shares**”) of Androscoggin Reservoir Company, a Maine corporation (“**ARCO**”); and

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, Seller desires to sell and assign to Buyer, and Buyer desires to purchase and assume from Seller, (i) certain assets and liabilities respecting the Facilities, and (ii) the ARCO Shares, all as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. As used in this Agreement, the following capitalized terms have the meanings set forth below:

“**Accrued Pension Benefit**” has the meaning set forth in Section 5.8(e)(i)(C).

“**Acquired Assets**” has the meaning set forth in Section 2.1.

“**Actual Prorated Amount**” has the meaning set forth in Section 2.7(c).

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or other ownership interests, by Contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble.

“**ARCO**” has the meaning set forth in the recitals.

“ARCO By-Laws” means the By-Laws of ARCO, dated as of January 25, 1985.

“ARCO ROFR” means the right of ARCO and its stockholders to purchase the ARCO Shares pursuant to Article VII of the ARCO By-Laws.

“ARCO Shares” has the meaning set forth in the recitals.

“Asset Demarcation Agreement” has the meaning set forth in Section 2.10(e).

“Assigned Contracts” has the meaning set forth in Section 2.1(e).

“Assigned Intellectual Property” has the meaning set forth in Section 2.1(g).

“Assigned Leases” has the meaning set forth in Section 2.1(b).

“Assignment and Assumption Agreement” has the meaning set forth in Section 2.10(d).

“Assignment and Assumption of Lease” has the meaning set forth in Section 2.10(b).

“Assumed Liabilities” has the meaning set forth in Section 2.3.

“Base Purchase Price” has the meaning set forth in Section 2.5.

“Bill of Sale” has the meaning set forth in Section 2.10(c).

“Business” means the production and sale of power through the ownership and operation of the Acquired Assets.

“Business Day” means any day other than a Saturday, Sunday or day on which banks are legally closed for business in Manchester, New Hampshire or New York, New York.

“Buyer” has the meaning set forth in the preamble.

“Buyer Indemnified Parties” has the meaning set forth in Section 7.3.

“Buyer Pension Benefit” has the meaning set forth in Section 5.8(e)(i)(E).

“Buyer Required Consents” has the meaning set forth in Section 4.3(c).

“Buyer’s Observers” has the meaning set forth in Section 5.4(b).

“Buyer’s Contributory Plan” has the meaning set forth in Section 5.8(e)(ii)(A).

“Buyer’s Pension Plan” has the meaning set forth in Section 5.8(e)(i)(A).

“CAMS” means ISO-NE’s Customer and Asset Management System.

“Cash” means cash and cash equivalents (including marketable securities and short term investments) calculated in accordance with GAAP.

“Casualty Loss” has the meaning set forth in Section 5.16.

“CBA Term” means June 1, 2017 through the later of May 31, 2020 or two years after the Closing Date.

“Claim” means any claim, demand, complaint, action, legal proceeding (whether at law or in equity), arbitration, investigation, audit or suit commenced, brought, conducted or heard by or before any Governmental Authority or arbitrator.

“Closing” has the meaning set forth in Section 2.9.

“Closing Date” has the meaning set forth in Section 2.9.

“Closing Purchase Price” has the meaning set forth in Section 2.5.

“Closing Statement” has the meaning set forth in Section 2.6(c)(i).

“Code” means the Internal Revenue Code of 1986.

“Combined Minimum Pension Benefit” has the meaning set forth in Section 5.8(e)(i)(B).

“Condemnation Value” has the meaning set forth in Section 5.17.

“Confidentiality Agreement” means that certain Confidentiality Agreement between Seller and Hull Street Energy, LLC, a Delaware limited liability company, dated as of March 15, 2017.

“Consent” means any consent, authorization, approval, release, waiver, estoppel certificate or any similar agreement or approval of or by, or registration, notice, declaration or filing to or with, the applicable Governmental Authority or other Person, including any certificate, license, permit, Order or other action issued or taken by a Governmental Authority.

“Contract” means any legally binding contract, lease, mortgage, license, instrument, note or other evidence of indebtedness, purchase order, commitment, undertaking, indenture or other agreement.

“Counterparty” has the meaning set forth in Section 5.3(a).

“Data Site” means the “Project PurpleFinch” electronic data site established and maintained by Seller with IntraLinks, Inc.

“Deed” has the meaning set forth in Section 2.10(a).

“Direct Claim” has the meaning set forth in Section 7.6(c).

“Easements” means easements to be granted by Seller to Buyer to implement the easement plans with respect to the Facilities to be agreed to by Buyer and Seller in accordance with Section 5.2(f).

“Effective Date” has the meaning set forth in the preamble.

“Employee Benefit Plan” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA), whether or not subject to ERISA, and any other employee benefit plan, program, policy or Contract, including any employment, pension, retirement, profit-sharing, thrift, savings, bonus plan, incentive, stock bonus, stock purchase, stock option or other equity or equity-based compensation, or retention, change in control, severance, deferred compensation, welfare benefit or fringe benefit plan, policy, program, agreement or arrangement.

“Environment” means soil, land surface or subsurface strata, real property, surface waters, groundwater, wetlands, sediments, drinking water supply, ambient air (including indoor air) and any other environmental medium or natural resource.

“Environmental Attributes” means any emissions and renewable energy credits, energy conservation credits, benefits, offsets and allowances, emission reduction credits or items of similar import or regulatory effect (including emissions reduction credits or allowances under all applicable emission trading, compliance or budget programs, or any other federal, state or regional emission, renewable energy or energy conservation trading or budget program) that are held by Seller and attributable to the operation of the Facilities.

“Environmental Claim” means any Claim by any Person alleging Liability of whatever kind or nature (including with respect to loss of life, injury to persons, property or business, damage to natural resources or trespass to property, whether or not such loss, injury, damage or trespass arose or was made manifest before the Closing Date or arises or becomes manifest on or after the Closing Date) arising out of, resulting from or in connection with: (a) the presence, Release of, or exposure to, any Hazardous Substances or (b) any actual or alleged violation or non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Laws” means all applicable Laws, Orders and any binding administrative or judicial interpretations thereof (including any binding agreement with any Governmental Authority) relating to: (a) pollution (or the cleanup thereof); (b) the regulation, protection and use of the Environment; (c) the protection, conservation, management, development, control and/or use of land, natural resources and wildlife (including endangered and threatened species); (d) the protection of human health or safety; (e) the management, manufacture, possession, presence, processing, use, generation, transportation, treatment, containment, storage, disposal, recycling, reclamation, Release, threatened Release, abatement, removal, remediation, or handling of, or exposure to, any Hazardous Substances; or (f) noise; and includes, without limitation, the following federal statutes (and their implementing regulations): the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.); the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments Act of 1984 (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977 (33 U.S.C. § 1251 et seq.); the Toxic Substances Control Act of 1976, as amended (15 U.S.C. § 2601 et seq.); the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C.

§ 11001 et seq.); the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990 (42 U.S.C. § 7401 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. § 136 et seq.); the Coastal Zone Management Act of 1972, as amended (16 U.S.C. § 1451 et seq.); the Oil Pollution Act of 1990, as amended (33 U.S.C. § 2701 et seq.); the Rivers and Harbors Act of 1899, as amended (33 U.S.C. § 401 et seq.); the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 5101 et seq.); the Endangered Species Act of 1973, as amended (16 U.S.C. § 1531 et seq.); the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. § 651 et seq.); and the Safe Drinking Water Act of 1974, as amended (42 U.S.C. § 300f et seq.); and all analogous or comparable state statutes and regulations.

“Environmental Liabilities” means any Liabilities of whatever kind or nature (including without limitation any natural resources damages, property damages, personal injury damages, losses, Claims, judgments, amounts paid in settlement, fines, penalties, fees, expenses and costs, including Remediation costs, engineering costs, environmental consultant fees, laboratory fees, permitting fees, investigation costs, defense costs, costs of enforcement proceedings, costs of indemnification and contribution, costs of medical monitoring, and attorneys’ fees and expenses) arising out of, resulting from or in connection with (a) any violation or alleged violation of Environmental Laws or Environmental Permits, prior to, on or after the Closing Date, with respect to the ownership, operation or use of the Acquired Assets; (b) any Environmental Claims caused or allegedly caused by the presence, Release of, or exposure to Hazardous Substances at, on, in, under, adjacent to or migrating from the Acquired Assets prior to, on or after the Closing Date; (c) the investigation and/or Remediation (whether or not such investigation or Remediation commenced before the Closing Date or commences on or after the Closing Date) of Hazardous Substances that are present or have been Released prior to, on or after the Closing Date at, on, in, under, adjacent to or migrating from the Acquired Assets; (d) compliance with Environmental Laws or Environmental Permits on or after the Closing Date with respect to the ownership, operation or use of the Acquired Assets; (e) any Environmental Claim arising from or relating to the off-site disposal, treatment, storage, transportation, discharge, Release or recycling, or the arrangement for such activities, of Hazardous Substances, on or after the Closing Date, in connection with the ownership or operation of the Acquired Assets; and (f) the investigation and/or Remediation of Hazardous Substances that are generated, disposed, treated, stored, transported, discharged, Released, recycled, or the arrangement of such activities, on or after the Closing Date, in connection with the ownership or operation of the Acquired Assets, at any Offsite Disposal Facility.

“Environmental Permits” means those Permits required for the ownership or operation of any Acquired Asset under Environmental Laws.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Estimated Closing Statement” has the meaning set forth in [Section 2.6\(b\)](#).

“Estimated Prorated Amount” has the meaning set forth in [Section 2.7\(b\)](#).

“Estimated Proration Adjustment Amount” has the meaning set forth in [Section 2.7\(b\)](#).

“Estimated Purchase Price Adjustment” has the meaning set forth in [Section 2.6\(b\)](#).

“Eversource” means Eversource Energy, a Massachusetts voluntary association and the parent company of Seller, formerly known as Northeast Utilities.

“Eversource Service” means Eversource Energy Service Company, a Connecticut corporation and an Affiliate of Seller, formerly known as Northeast Utilities Service Company.

“Excluded Assets” has the meaning set forth in [Section 2.2](#).

“Excluded Environmental Liabilities” has the meaning set forth in [Section 2.4\(h\)](#).

“Excluded Liabilities” has the meaning set forth in [Section 2.4](#).

“Facilities” has the meaning set forth in the recitals. For avoidance of doubt, any individual Facility referred to herein by the name set forth in [Schedule 1](#) shall mean such Facility, as described in [Schedule 1](#).

“FERC” means the Federal Energy Regulatory Commission.

“Final Purchase Price Adjustment” has the meaning set forth in [Section 2.6\(c\)\(iii\)](#).

“GAAP” means United States generally accepted accounting principles in effect from time to time, as applied by Seller.

“Generation CBA” means the collective bargaining agreement between Seller and the Union, with respect to Seller’s Generation Group, in force as of the Effective Date.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric power generation industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include acceptable practices, methods or acts generally accepted in the region, or required by the NHPUC, including but not limited to compliance with the standards established by the National Electrical Safety Code and ISO-NE.

“Governmental Authority” means any federal, state, local, municipal or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction, but excluding Buyer and any subsequent owner of any of the Acquired Assets (if otherwise a Governmental Authority under this definition).

“Hazardous Substance” means (a) any petrochemical or petroleum product, oil, waste oil, coal ash, radioactive materials, radon, asbestos in any form, urea formaldehyde foam insulation, lead-containing materials and polychlorinated biphenyls; (b) any products, mixtures, compounds, materials or wastes, air emissions, toxic substances, wastewater discharges and any chemical, material or substance that may give rise to Liability pursuant to, or is listed or regulated under, or the human exposure to which or the Release of which is controlled or limited by applicable Environmental Laws; and (c) any materials or substances defined in Environmental Laws as “hazardous”, “toxic”, “pollutant” or “contaminant”, or words of similar meaning or regulatory effect.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“Improvements” means all buildings, structures (including all fuel handling and storage facilities), machinery and equipment, fixtures, construction in progress, including all piping, cables and similar equipment forming part of the mechanical, electrical, plumbing or HVAC infrastructure of any building, structure or equipment, and including all generating units, located on and affixed to the Sites, other than the Seller Marks.

“Indemnified Party” has the meaning set forth in [Section 7.5](#).

“Indemnifying Party” has the meaning set forth in [Section 7.5](#).

“Independent Accountant” has the meaning set forth in [Section 2.6\(c\)\(ii\)](#).

“Independent Appraiser” has the meaning set forth in [Section 2.8](#).

“Intellectual Property” means any and all of the following in any jurisdiction throughout the world: (a) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing, but not including the Seller Marks; (b) copyrights, including all applications and registrations, and works of authorship, whether or not copyrightable; (c) trade secrets and confidential knowhow; (d) patents and patent applications; (e) websites and internet domain name registrations; and (f) all other intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing.

“Intercompany Arrangements” has the meaning set forth in [Section 2.2\(j\)](#).

“Interconnection Agreements” has the meaning set forth in [Section 2.10\(f\)](#).

“Interim Period” means the period of time commencing on the Effective Date and ending on the Closing.

“Inventory” or **“Inventories”** means natural gas, coal, biomass and oil inventories, raw materials, spare parts and consumable supplies located at or in transit to the Sites or identified in any Schedule hereto.

“ISO-NE” means ISO New England, Inc. or its successor.

“Law” means any statute, law, ordinance, regulation, rule, code, Order, constitution, treaty, common law, judgment, decree or other requirement, rule or other pronouncement having the effect of law of any Governmental Authority.

“Leased Real Property” has the meaning set forth in [Section 2.1\(b\)](#).

“Liability” means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or

to become due), including any liability for Taxes.

“Lien” means any lien, pledge, mortgage, deed of trust, security interest, charge, claim, easement, encroachment, conditional sale or other title retention device or arrangement, option, restriction on transfer, third party purchase right, right of first offer or refusal, or other similar encumbrance, or restriction on the creation of any of the foregoing.

“Losses” means any and all judgments, losses, liabilities, amounts paid in settlement, damages, fines, penalties, deficiencies, costs, Taxes, obligations and expenses (including interest, court costs and reasonable fees of attorneys, accountants and other experts). For all purposes in this Agreement, the term “Losses” does not include any Non-Reimbursable Damages.

“Made Available” means, with respect to documents and materials, that such documents or materials have been posted to the Data Site or otherwise provided to Buyer by Seller or its Representatives.

“Material Adverse Effect” means any change or event that is materially adverse to the assets, liabilities, operations or financial condition of the Acquired Assets, taken as a whole; provided, however, that any changes or events resulting from or arising out of the following shall not be considered when determining whether a Material Adverse Effect has occurred: (a) any change generally affecting the international, national or regional electric generating, transmission or distribution industry; (b) any change generally affecting the international, national or regional wholesale or retail markets for electric power; (c) any change generally affecting the international, national or regional wholesale or retail markets for the coal, natural gas or oil industries or the transportation or storage of coal, natural gas or oil; (d) any change in markets for commodities or supplies, including electric power, natural gas, oil, coal or other fuel and water, as applicable, used in connection with the Facilities; (e) any change in market (including the market for electrical power, coal, natural gas or oil) design, pricing or rules (including rules, systems, procedures, guidelines or requirements promulgated or modified by ISO-NE, any other regional transmission organization, NERC or any similar organization); (f) any change in general regulatory or political conditions, including any engagements of hostilities, acts of war or terrorist activities or changes imposed by a Governmental Authority associated with additional security; (g) any change in the international, national or regional electric transmission or distribution systems or operations thereof; (h) any change in any Laws (including Environmental Laws), GAAP, regulatory accounting principles or industry standards; (i) any change in the financial condition or results of operation of Buyer or its Affiliates, including its ability to access capital and equity markets and changes due to a change in the credit rating of Buyer or its Affiliates; (j) any change in the financial, banking, securities or currency markets (including the inability to finance the transactions contemplated hereby or any increased costs for financing or suspension of trading in, or limitation on prices for, securities on any domestic or international securities exchange); (k) any change in general national or regional economic or financial conditions or any failure or bankruptcy (or any similar event) of any financial services or banking institution or insurance company or counterparty to any Contract; (l) any actions to be taken pursuant to or in accordance with this Agreement, or taken by or at the request of Buyer; (m) the announcement, pendency or consummation of the transactions contemplated hereby, or the fact that the prospective owner of the Acquired Assets is Buyer; (n) any labor strike, request for representation, organizing campaign, work stoppage, slowdown, or lockout or other labor dispute; (o) any new or announced power provider entrants, including their effect on pricing or transmission; (p) any effects of weather and other acts of God; (q) any Casualty Loss or event of condemnation; (r) seasonality of the operations of the Facilities; or (s) any failure of the Acquired Assets to meet projections or forecasts or revenue or earnings predictions for any period; provided, that any Loss, Claim, occurrence, change or effect that is cured prior to the Closing Date shall not be considered a Material Adverse Effect; provided, further, that, for the avoidance of doubt, a Material Adverse Effect shall be measured only against past performance of the Acquired Assets, taken as a whole, and not against any forward-looking statements, financial projections or forecasts of the Acquired Assets.

“Material Contracts” has the meaning set forth in Section 2.1(e).

“Mortgage Indenture” means that certain First Mortgage Indenture, dated as of August 15, 1978, as amended and restated effective as of June 1, 2011, and supplemented, between Seller and U.S. Bank National Association, successor to Wachovia Bank, National Association, successor to First Union National Bank, formerly known as First Fidelity Bank, National Association, New Jersey, as trustee.

“NEPOOL” means the New England Power Pool, or its successor.

“NHPUC” means the New Hampshire Public Utilities Commission.

“NHPUC Approval” means the Consent of the NHPUC to the transactions contemplated by this Agreement and the Related Agreements as required under New Hampshire Law.

“Non-Assigned Contracts” has the meaning set forth in Section 5.3(a)(v).

“Non-Reimbursable Damages” has the meaning set forth in Section 7.9(e).

“Non-Represented Scheduled Employees” has the meaning set forth in Section 3.12(a).

“Non-Represented Transferred Employees” has the meaning set forth in Section 5.8(c).

“Objection Notice” has the meaning set forth in Section 2.6(c)(i).

“Offsite Disposal Facility” means a location, other than a Facility or a Site, that receives or received Hazardous Substances for disposal by Seller prior to the Closing Date or by Buyer on or after the Closing Date.

“Order” means any award, decision, injunction, judgment, order, writ, decree, rule, ruling, subpoena, or verdict entered, issued, made or rendered by any Governmental Authority that possesses competent jurisdiction.

“Organizational Documents” means, with respect to any Person, the certificate or articles of incorporation, organization or formation and by-laws, the limited partnership agreement, the partnership agreement or the operating or limited liability company agreement, equity holder agreements and/or other organizational and governance documents of such Person.

“Other Assigned Contracts” has the meaning set forth in Section 2.1(e).

“Outside Date” has the meaning set forth in Section 8.1(a).

“Party” and **“Parties”** each has the meaning set forth in the preamble.

“Permits” means all certificates, licenses, permits, approvals, Consents, Orders, decisions and other actions of a Governmental Authority pertaining to a particular Acquired Asset, or the ownership, operation or use thereof.

“Permitted Capital Expenditures” means (a) any capital expenditure or commitment to make capital expenditures which will not be completely funded by the later of December 31, 2017 and the Closing Date, and which will not involve a total liability after such date of an amount equal to or less than Three Hundred Thousand Dollars (\$300,000) individually or One Million Dollars (\$1,000,000) in the aggregate; (b) those capital expenditures that are set forth on Schedule 5.5; or (c) those capital expenditures otherwise agreed to by the Parties.

“Permitted Lien” means (a) any Lien for Taxes not yet due or delinquent or being contested in good faith; (b) any Lien arising in the ordinary course of business by operation of Law (including mechanics’, materialmen’s, warehousemen’s, carriers’, workmen’s, repairmen’s, landlords’, suppliers’ and other similar Liens) with respect to a Liability that is not yet due or delinquent or that is being contested in good faith; (c) any purchase money Lien (including Liens under purchase price conditional sales contracts and equipment leases) arising in the ordinary course of business; (d) any deposit or pledge made in connection with, or to secure payment of, workers’ compensation, unemployment insurance, old age pension programs mandated under applicable Laws or other social security regulations; (e) any exception or other matter set forth in the Title Commitments (whether or not subsequently deleted or endorsed over) or discoverable based on a review or examination of an accurate survey of the Sites or the land records of the respective counties in which the Sites are located; (f) any easement, right of way, zoning or planning restriction, building and land use Law or similar restriction or condition imposed by any Governmental Authority; (g) any Lien that will no longer be binding on the Acquired Assets after Closing; (h) any Lien created by or resulting from any act or omission of Buyer; (i) any Lien granted or created by the execution and delivery of this Agreement or any of the Related Agreements or pursuant to the terms and conditions hereof or thereof (including without limitation the Reserved Easements); (j) with respect to the ARCO Shares, the ARCO ROFR and restrictions on sales of securities under applicable securities Laws; and (k) the matters and Liens set forth on Schedule 1.1-PL.

“Person” means an individual, corporation, partnership (general or limited), limited liability company, joint venture, trust, association, unincorporated organization, other business organization or Governmental Authority.

“Prepayments” means all advance payments, prepaid expenses (including rent), prepaid Taxes, progress payments and deposits of Seller, and rights to receive prepaid expenses, deposits or progress payments relating to the ownership and operation of the Acquired Assets, but not including any prepaid expenses or deposits attributable to Excluded Assets.

“Property Tax Stabilization Payments” mean those property tax stabilization payments with respect to the Facilities payable by Seller under the Settlement Agreement.

“Prorated Amount” means (a) with respect to any Prorated Item that is a Prepayment, the amount allocable to the period on or after the Closing Date that was paid by Seller prior to the Closing Date, and (b) with respect to any other Prorated Item, the amount (expressed as a negative number) allocable to the period prior to the Closing Date, whether or not then due and payable, which was not paid by Seller prior to the Closing Date and which represents an Assumed Liability (excluding, for the avoidance of doubt, any amount paid by Seller after the Closing Date directly to the applicable Third Party), in each case, prorated in accordance with the methodology specified in Section 2.7.

“Prorated Item” has the meaning set forth in Section 2.7(a).

“Purchase Price” has the meaning set forth in Section 2.5.

“Purchase Price Adjustment” has the meaning set forth in Section 2.6(c)(i).

“Real Property” has the meaning set forth in Section 2.1(a).

“Related Agreements” means the Deeds, each Assignment and Assumption of Lease, the Bill of Sale, the Assignment and Assumption Agreement, the Asset Demarcation Agreement, the Easements, the Interconnection Agreements, the Transition Services Agreement, the Release of Mortgage Indenture, and the other agreements, certificates and documents to be delivered pursuant to this Agreement.

“Release” means any release, spill, emission, escape, migration, leaking, leaching, pumping, injection, dumping, deposit, disposal or discharge into or through the Environment.

“Release of Mortgage Indenture” has the meaning set forth in Section 2.10(g).

“Remediation” means any or all of the following activities to the extent required to address the presence or Release of, or exposure to, Hazardous Substances: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any Permits or Consents of any Governmental Authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice (or an oral notice which is appropriately documented or memorialized) from a Governmental Authority with competent jurisdiction under Environmental Laws or a written opinion of a Licensed Professional Geologist (as defined in New Hampshire RSA 310-A:118, IV), as contemplated by the relevant Environmental Laws and in lieu of a written notice from a Governmental Authority, that no material additional work is required; and (e) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws.

“Representative” means, with respect to any Person, such Person’s Affiliates, and such Person and its Affiliates’ respective officers, directors, managers, employees, agents, consultants and advisors (including financial advisors, accountants and counsel).

“Represented Scheduled Employees” has the meaning set forth in Section 3.12(a).

“Represented Transferred Employees” has the meaning set forth in Section 5.8(a).

“Reserved Easements” means easements to be reserved by Seller with respect to certain T&D Assets and associated telecommunications facilities located on the site of the Acquired Assets, as set forth in Schedule 2.1(a), to be reserved in the Deeds substantially in the form to be agreed to by Seller and Buyer in accordance with Section 5.2(f).

“Restoration Cost” has the meaning set forth in Section 5.16.

“Scheduled Employees” has the meaning set forth in Section 3.12(a).

“Schedule Update” has the meaning set forth in Section 5.15.

“Selected Represented Employees” has the meaning set forth in Section 5.8(a).

“Selected Non-Represented Employees” has the meaning set forth in Section 5.8(c).

“Seller” has the meaning set forth in the preamble.

“Seller Indemnified Parties” has the meaning set forth in Section 7.4.

“Seller Marks” means any and all names, marks, trade names, trademarks and corporate symbols and logos incorporating “PSNH,” “Public Service Company of New Hampshire,” “Public Service of New Hampshire,” “Eversource,” “Eversource Energy” or “Northeast Utilities,” or any word or expression similar thereto or constituting an abbreviation or extension thereof, together with all other names, marks, trade names, trademarks and corporate symbols and logos of Seller or any of its Affiliates.

“Seller Required Consents” has the meaning set forth in Section 3.3.

“Seller’s Knowledge” means the actual knowledge (and not imputed or constructive knowledge) of the individuals listed on Schedule 1.1-K, after due inquiry.

“Seller’s Pension Plan” has the meaning set forth in Section 5.8(e)(i)(B).

“Settlement Agreement” means that certain 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, dated as of June 10, 2015, by and among Seller, Eversource, the Office of Energy and Planning, Designated Advocate Staff of the NHPUC, the Office of Consumer Advocate, New Hampshire District 3 Senator Jeb Bradley, New Hampshire District 15 Senator Dan Feltes, the City of Berlin, New Hampshire, the Union, the Conservation Law Foundation, Inc., TransCanada Power Marketing Ltd., TransCanada Hydro Northeast Inc., and the New Hampshire Sustainable Energy Association d/b/a NH CleanTech Council, as amended by that certain Amendment to the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement, dated January 26, 2016, and the Partial Litigation Settlement Between Settling Parties and Non-Advocate Staff, dated January 26, 2016, all as approved by NHPUC Order No. 25,920, dated July 1, 2016.

“Site” means the Real Property or Leased Real Property (as applicable) and Improvements forming a part of, or used or usable in connection with, a Facility. Any reference to a Site shall include, by definition, the surface and subsurface elements, including the soils and groundwater present at such Site, and any reference to items “at the Site” shall include all items “at, on, in, upon, over, across, under and within” the Site.

“T&D Assets” means the transmission, distribution, communication, substation and other assets necessary to current or future T&D Operations of Seller.

“T&D Operations” means the process of conducting and supporting the transmission, distribution and sale of electricity.

“Tax” or **“Taxes”** means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, border adjustment, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

“Taxing Authority” means, with respect to any Tax, the Governmental Authority (including the Internal Revenue Service) that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such Governmental Authority.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Terminated Contracts” has the meaning set forth in Section 5.6(a).

“Third Party” means a Person that is not a Party, or an Affiliate of a Party, to this Agreement.

“Third Party Claim” has the meaning set forth in Section 7.6(a).

“Title Commitments” has the meaning set forth in Section 2.1(a).

“Transferable Permits” has the meaning set forth in Section 2.1(d).

“Transferred Books and Records” means all books, operating records, engineering designs, blueprints, as-built plans, specifications, procedures, studies, reports, manuals, equipment repair records, safety records, maintenance records, service records, supplier, contractor and subcontractor lists, pending purchase orders, property and sales Tax Returns and related Tax records, and all Transferred Employee Records (in each case, in the format (including electronic format) in which such items are reasonably and practically available), in each case, in the possession of Seller to the extent relating specifically to the ownership or operation of the Facilities and the Acquired Assets; *provided*, that “Transferred Books and Records” shall not include: (a) any files or records relating to any employees who are not Transferred Employees, (b) files or records relating to any Transferred Employee afforded confidential treatment under any applicable Laws, except to the extent the affected employee consents in writing to such disclosure to Buyer, (c) all records prepared in connection with the sale of the Acquired Assets (and Seller’s other generation assets), including bids received from Third Parties and analyses relating to the Acquired Assets, (d) financial records, books of account or projections relating to the Acquired Assets, (e) books, records or other documents of Seller or its Affiliates related to corporate compliance matters not primarily developed for the Acquired Assets, (f) organizational documents (including minute books) of Seller, (g) materials, the disclosure of which would constitute a waiver of attorney-client or attorney work product privilege, or (h) any other books and records which Seller is prohibited from transferring to Buyer under applicable Law and is required by applicable Law to retain.

“Transferred Employees” means the Non-Represented Transferred Employees and the Represented Transferred Employees, collectively.

“Transferred Employee Records” means all personnel records maintained by Seller relating to the Transferred Employees, to the extent such files contain (a) names, addresses, dates of birth, job titles and descriptions; (b) dates of employment; (c) compensation and benefits information; (d) resumes and job applications; and (e) any other documents that Seller is not prohibited by Law from delivering to Buyer. To the extent the consent of a Transferred Employee is required under applicable Law in order for Seller to deliver a document that is part of the Transferred Employee Records to Buyer, Seller agrees to use commercially reasonable efforts to secure such consent.

“Transfer Taxes” means all transfer, sales, ad valorem, use, goods and services, value added, documentary, stamp duty, gross receipts, excise, transfer and conveyance Taxes and other similar Taxes, duties, fees or charges, together with any interest, penalties or additions in respect thereof.

“Transition Service Cost Percentage” means one hundred ten percent (110%) during the period of the first ninety (90) days after the Closing Date, one hundred twenty-five percent (125%) for the next ninety (90) days, and one hundred fifty percent (150%) thereafter.

“Transition Services Agreement” has the meaning set forth in Section 5.6(b).

“Union” means International Brotherhood of Electrical Workers, Local 1837.

“VTPUC” means the Vermont Public Utility Commission.

“WARN Act” means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, et seq.

Section 1.2 Rules of Interpretation. The following rules of interpretation apply to this Agreement:

(a) Unless otherwise specified, all Article, Section, Schedule and Exhibit references in this Agreement are to the Articles and Sections of, and the Schedules and Exhibits attached to, this Agreement. The Schedules and Exhibits attached to this Agreement constitute a part of this Agreement and are incorporated in this Agreement for all purposes.

(b) Article, Section and subsection headings in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(c) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Unless the context of this Agreement clearly requires otherwise, (i) words importing the masculine gender shall include the feminine and neutral genders and vice versa and (ii) words in the singular shall include the plural and vice versa. The words “include,” “includes,” and “including” are not limiting and shall mean “including without limitation.” The word “or” shall not be exclusive. The words “herein,” “hereunder,” “hereof,” “hereto” and similar terms used in this Agreement are references to this Agreement as a whole and not to any particular Article or Section or other portion of this Agreement in which such words appear. For purposes of computation of periods of time, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

(d) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Whenever any action must be taken hereunder on or by a day that is not a Business Day, then such action may validly be taken on or by the next day that is a Business Day.

(e) Unless the context of this Agreement clearly requires otherwise, any reference to any Contract means such Contract as amended and in effect from time to time in accordance with its terms and, if applicable, the terms of this Agreement.

(f) Unless the context of this Agreement clearly requires otherwise, reference to any Law means such Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including any successor legislation thereto and all rules and regulations promulgated thereunder.

(g) Currency amounts referenced in this Agreement are in U.S. Dollars.

(h) All accounting terms used but not expressly defined herein have the meanings given to them under GAAP.

(i) Each Party acknowledges that it and its attorneys have been given equal opportunity to negotiate the terms and conditions of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party, or any similar rule operating against the drafter of an agreement, shall not be applicable to the construction or interpretation of this Agreement.

ARTICLE II PURCHASE AND SALE; CLOSING

Section 2.1 Purchase and Sale of Acquired Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, assign, convey and transfer to Buyer, and Buyer shall purchase, assume and acquire from Seller, free and clear of Liens other than Permitted Liens, all of Seller's right, title and interest in and to (i) the ARCO Shares and (ii) all properties, rights and assets owned by Seller constituting, or used in and necessary for the operation of, the Facilities and the Business (collectively, the "**Acquired Assets**");

(a) The real property, Improvements thereon, easements and other rights in real property described in Schedule 2.1(a), but subject to the exceptions and encumbrances set forth in the title policy commitments provided to Buyer and described on Schedule 2.1(a) (the "**Title Commitments**") and subject to the Permitted Liens (the "**Real Property**");

(b) The leasehold interests and rights thereunder relating to real property with respect to which Seller is lessee set forth in Schedule 2.1(b), but subject to the exceptions and encumbrances set forth in the Title Commitments and subject to the Permitted Liens (the "**Leased Real Property**"), and all leases set forth in Schedule 2.1(b) with respect to the Leased Real Property (the "**Assigned Leases**");

(c) The machinery, equipment, tools, furniture, boats, vehicles, Inventories and other tangible and intangible personal property owned by Seller and located at or in transit to the Facilities (if related solely to any of the Acquired Assets) (including without limitation the items of personal property described on Schedule 2.1(c)), or, in the case of intangible personal property (other than Intellectual Property), otherwise used exclusively for the Facilities or the other Acquired Assets, including any Prepayments and all applicable warranties against manufacturers or vendors to the extent that such warranties are transferable, in each case as in existence on the Effective Date, but excluding such items disposed of by Seller in the ordinary course of business during the Interim Period and including such additional items as may be acquired by Seller for use in connection with the Acquired Assets in the ordinary course of business during the Interim Period;

(d) All Permits (including all pending applications for Permits or renewals thereof) relating to the ownership and operation of the Facilities or the Acquired Assets that, as of the Closing Date, are transferable by Seller to Buyer by assignment or otherwise under applicable Law including those that are identified as Transferable Permits on Schedule 3.5(b) or Schedule 3.11(a) (the "**Transferable Permits**"); *provided* that Seller shall, during the Interim Period, amend such Schedules to account for applicable changes arising during the Interim Period, to the extent such changes are not in violation of any applicable covenants in Section 5.5;

(e) Excluding the Assigned Leases addressed in Section 2.1(b), but including personal property leases (whether Seller is lessor or lessee thereunder), real property leases with respect to which Seller is lessor thereunder and railroad crossing licenses and side-track agreements for the benefit of Seller, (i) those Contracts that relate to, and are material to, the ownership or operation of the Acquired Assets or the Business and that are set forth in Schedule 2.1(e) (the "**Material Contracts**") and (ii) all other Contracts that relate exclusively to the ownership or operation of the Acquired Assets or otherwise relate to the operation of the Business and in either case are not, individually, or in the aggregate, material to Business (the "**Other Assigned Contracts**" and, together with the Material Contracts, the "**Assigned Contracts**"); *provided* that Seller shall retain the rights and interests under any Assigned Contract to the extent such rights and interests provide for indemnity and exculpation rights for pre-Closing occurrences for which Seller remains liable under this Agreement; and *provided further*, that Seller shall, during the Interim Period, amend such Schedule to set forth any amendments to any Material Contract, or any additional Contracts entered into during the Interim Period that are material to the ownership or operation of the Acquired Assets, in each case that are not in violation of any applicable covenants in Section 5.5;

(f) All Transferred Books and Records, subject to the right of Seller to retain copies for its use to the extent and subject to the conditions set forth herein;

(g) All Intellectual Property that is owned by Seller and primarily used in connection with the operation of the Facilities set forth in Schedule 2.1(g) (the "**Assigned Intellectual Property**");

(h) Subject to Section 2.2(f), the rights of Seller to the use of the names of the Facilities set forth in Schedule 1;

(i) Those Environmental Attributes set forth in Schedule 2.1(i), excluding such Environmental Attributes or portions thereof disposed of by Seller in the ordinary course of business during the Interim Period and including such additional Environmental Attributes as may be acquired by Seller for use in the operation of the Facilities in the ordinary course of business during the Interim Period; and

(j) All rights of Seller in and to any claims, causes of action, rights of recovery, rights of set-off, rights of refund and similar rights against a Third Party relating to any Assumed Liability, but excluding any such rights of Seller in, to or under any

insurance policies of Seller or any insurance proceeds therefrom.

For avoidance of doubt, the terms “Acquired Assets” and “Facilities” as used in this Agreement shall not include any properties, rights, assets or facilities of ARCO.

Section 2.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, Buyer expressly understands and agrees that it is not purchasing or acquiring, and Seller is not selling, assigning or transferring, any properties, rights or assets of Seller other than the Acquired Assets, and all such other properties, rights and assets shall be excluded from the Acquired Assets (collectively, the “**Excluded Assets**”). The Excluded Assets to be retained by Seller include all of Seller’s right, title and interest in and to the following properties, rights and assets:

(a) As identified on Schedule 2.2(a) or in the Asset Demarcation Agreement, the real and personal property comprising or constituting any or all of the T&D Assets (whether or not regarded as a “transmission,” “distribution” or “generation” asset for regulatory or accounting purposes), including all electric power, communications and telecommunications underground and aboveground lines, switchyard facilities, substation facilities, support equipment and other Improvements, the Reserved Easements, and all Permits and Contracts, to the extent they relate to the T&D Assets, and those certain assets and facilities identified for use or used by Seller or others pursuant to an agreement or agreements with Seller for telecommunications purposes;

(b) The real property and Improvements thereon described in Schedule 2.2(b);

(c) Except for Prepayments, (i) all Cash, accounts receivable, notes receivable, checkbooks and canceled checks, bank accounts and deposits, commercial paper, certificates of deposit, securities, and property or income Tax receivables, and (ii) any other Tax refunds, credits, prepayments or other rights to payment related to the Acquired Assets to the extent allocable to a period ending on or before the Closing Date;

(d) All Contracts of Seller other than the Assigned Contracts and Assigned Leases;

(e) All Permits of Seller other than the Transferable Permits;

(f) All Intellectual Property including all Seller Marks other than the Assigned Intellectual Property;

(g) Duplicate copies of all Transferred Books and Records (to the extent and subject to the conditions set forth herein), and all other records of Seller other than the Transferred Books and Records, including corporate seals, organizational documents, minute books, stock books, Tax Returns, financial records, books of account and other corporate records of Seller, and all employee-related or employee benefit-related files or records other than the Transferred Employee Records;

(h) All insurance policies of Seller and insurance proceeds therefrom;

(i) All rights of Seller in and to any claims, causes of action, rights of recovery, rights of set-off, rights of refund and similar rights against a Third Party relating to any period through the Closing or otherwise relating to any Excluded Liability, but excluding any such rights of Seller to the extent relating to an Assumed Liability;

(j) All of Seller’s rights arising from or associated with any Contract or arrangement representing an intercompany transaction, agreement or arrangement between Seller and an Affiliate of Seller, whether or not such transaction, agreement or arrangement relates to the provisions of goods or services, payment arrangements, intercompany charges or balances or the like, including, but not limited to, the Terminated Contracts (“**Intercompany Arrangements**”), other than those Assigned Contracts set forth on Schedule 2.2(j);

(k) All Employee Benefit Plans and trusts or other assets attributable thereto;

(l) All assets of Seller related to its ownership, construction and operation of a portfolio of thermal electric generation assets and related facilities, together with fuel inventories, and including generating, selling, transmitting and delivering electric energy, capacity, ancillary services and Environmental Attributes from the generation assets to the interconnection point set forth in the respective Interconnection Agreements; and

(m) The rights that accrue or will accrue to Seller under this Agreement and the Related Agreements.

Section 2.3 Assumption of Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, from and after the Closing, Buyer shall assume and shall satisfy, perform or discharge when due only those Liabilities of Seller expressly provided for herein in respect of, or otherwise arising from the operation of the Business or the ownership, operation or use of the Acquired Assets, other than the Excluded Liabilities (the “**Assumed Liabilities**”) as follows:

(a) All Environmental Liabilities, excluding the Excluded Environmental Liabilities, but only to the extent that such Excluded Environmental Liabilities are subject to indemnification by Seller pursuant to Section 7.5(f), after which they shall become an Assumed Liability;

(b) Except as set forth in Section 2.4(c), all Liabilities under (i) the Assigned Contracts (including the Androscoggin River Headwaters Benefits Agreement, dated June 1, 1983, by and among Androscoggin Reservoir Company, Union Water Power Company, International Paper Company, Rumford Falls Power Company, James River Corporation, and Seller), the Assigned Leases, the Transferable Permits, in each case in accordance in its terms, (ii) the Assigned Intellectual Property, to the extent set forth on Schedule 2.1(g), and (iii) the Contracts, commitments and Transferable Permits entered into by Seller with respect to the Acquired Assets during the Interim Period consistent with Section 5.5, including, without limitation, commitments and agreements with respect to capital expenditures or Liabilities for real or personal property Taxes on any of the Acquired Assets (or, to the extent such agreements do not allocate such Tax liability between the Acquired Assets and the Excluded Assets, all Tax liability under such agreements entered into by Seller and any local government);

(c) All Liabilities (i) for any compensation, benefits, employment Taxes, workers compensation benefits and other similar Liabilities in respect of the Transferred Employees (including under the Generation CBA, any Employee Benefit Plan of Buyer, or any other agreement, plan, practice, policy, instrument or document relating to any of the Transferred Employees) to the extent arising or accruing on or after the Closing Date, but not including any Liabilities arising out of the Memorandum of Agreement to the Generation CBA dated September 7, 2017, (ii) relating to the Transferred Employees which Buyer has assumed or for which Buyer is otherwise responsible under Section 5.8, and (iii) in respect of any discrimination, wrongful discharge, unfair labor practice or similar Claim under applicable employment Laws by any Transferred Employee arising out of or relating to acts or omissions occurring on or after the Closing Date;

(d) All Liabilities for (i) Taxes (including, with respect to property Taxes, payments in addition to or in lieu of Taxes, but not including the Property Tax Stabilization Payments) relating to the ownership, operation, sale or use of the Facilities, the Acquired Assets or the Assumed Liabilities on or after the Closing Date and (ii) Taxes for which Buyer is liable pursuant to Section 2.7, Section 5.12 and Section 5.13; and

(e) All other Liabilities expressly allocated to Buyer in this Agreement or in any of the Related Agreements.

Section 2.4 Excluded Liabilities. Except for the Assumed Liabilities, Buyer shall not assume or be responsible for the performance of any Liabilities of Seller including, without limitation, any of the following Liabilities (collectively, the “**Excluded Liabilities**”):

(a) Any Liability of Seller in respect of or otherwise arising from the operation or use of the Excluded Assets;

(b) Any Liability of Seller arising from the making or performance of this Agreement or a Related Agreement or the transactions contemplated hereby or thereby;

(c) Any Liability of Seller under the Assigned Contracts or Assigned Leases (i) in respect of payment obligations for goods delivered or services rendered prior to the Closing Date or (ii) relating to a breach or default by Seller of any of its obligations thereunder occurring prior to the Closing Date, regardless of whether such Liability arises or is discovered on or after the Closing Date;

(d) Except for those Assumed Liabilities set forth in Section 2.3(c), any Liability of Seller (i) for any compensation, benefits, employment Taxes, workers compensation benefits and other similar Liabilities in respect of the Transferred Employees (including under the Generation CBA, any Employee Benefit Plan of Seller, or any other agreement, plan, practice, policy, instrument or document relating to any of the Transferred Employees) to the extent arising or accruing prior to the Closing Date, (ii) relating to the Transferred Employees for which Seller is responsible under Section 5.8, or (iii) in respect of any discrimination, wrongful discharge, unfair labor practice or similar Claim under applicable employment Laws by any Transferred Employee arising out of or relating to acts or omissions occurring prior to the Closing Date;

(e) Any Liability of Seller arising from or associated with any Intercompany Arrangement, other than Liabilities under those Assigned Contracts set forth on Schedule 2.2(j);

(f) Any Liability of Seller for any fines or penalties imposed by a Governmental Authority resulting from (i) any investigation or proceeding pending prior to the Closing Date or (ii) illegal acts or willful misconduct of Seller prior to the Closing Date;

(g) Any Liability for Taxes (including, with respect to property Taxes, payments in addition to or in lieu of Taxes and the Property Tax Stabilization Payments) relating to the ownership, operation, sale or use of the Acquired Assets prior to the Closing,

except those Taxes for which Buyer is liable pursuant to Section 2.7, Section 5.12 and Section 5.13;

(h) (i) any Environmental Liability to the extent such Environmental Liability arises out of or relates to any Governmental Authority's allegation and investigation of any violations of Environmental Laws by Seller, and (ii) any Liability relating to the treatment, disposal, storage, discharge, or Release of Hazardous Substances that were generated at the Sites through ownership or operation prior to the Closing Date, including relating to recycling or the arrangement for such activities at, or the transportation to, any Offsite Disposal Facility by Seller, prior to the Closing Date (such liabilities, the "**Excluded Environmental Liabilities**"). For the avoidance of doubt, it is the intention of the Parties that this Section 2.4(h) shall exclusively define those Environmental Liabilities constituting Excluded Liabilities hereunder, and that no other provision of this Section 2.4 shall be construed to include any Environmental Liabilities; and

(i) Any Liability of Seller in respect of accounts payable or accrued expenses.

Section 2.5 Purchase Price. In consideration for Seller's sale, assignment and transfer of the Acquired Assets to Buyer, at the Closing, Buyer shall (i) pay to Seller an aggregate amount equal to Eighty-Three Million Dollars (\$83,000,000) (the "**Base Purchase Price**") plus or minus amounts to account for (a) the Estimated Purchase Price Adjustment to be made as of the Closing under Section 2.6(a) and Section 2.6(b), and (b) the prorations to be made as of the Closing under Section 2.7 (the Base Purchase Price, as so adjusted, shall be referred to herein as the "**Closing Purchase Price**"), and (ii) assume the Assumed Liabilities. The Closing Purchase Price shall be payable in cash by wire transfer to Seller in accordance with written instructions of Seller given to Buyer at least three (3) Business Days prior to the Closing. Following the Closing, the Closing Purchase Price shall be subject to adjustment pursuant to Section 2.6(c) and Section 2.7(b), and the Closing Purchase Price, as so adjusted pursuant to such Sections, shall be herein referred to as the "**Purchase Price**."

Section 2.6 Certain Adjustments to Base Purchase Price. At the Closing, the Base Purchase Price shall be adjusted as set forth in Section 2.6(a) and Section 2.6(b), and the Closing Purchase Price shall be subject to adjustment following the Closing as set forth in Section 2.6(c).

(a) Determination of Adjustment. The Base Purchase Price shall be increased to account for the following items:

(i) The lesser of net book value of all Inventory held by Seller with respect to the Facilities as of the Closing Date and Three Hundred Ten Thousand Dollars (\$310,000);

(ii) Any Permitted Capital Expenditures paid by Seller during the Interim Period; and

(iii) Subject to, and without limiting, Seller's obligations in Section 5.5 to operate and maintain the Acquired Assets in the ordinary course of business consistent with Good Utility Practice, any operations and maintenance expenses paid for by Seller during the Interim Period that Seller would not have actually paid for but for Buyer's written request.

(b) Estimated Purchase Price Adjustment. At least five (5) Business Days prior to the Closing Date, Seller shall prepare and deliver to Buyer a statement (the "**Estimated Closing Statement**") setting forth in reasonable detail Seller's good faith estimate of the net amount of all adjustments to the Base Purchase Price required by Section 2.6(a) (the "**Estimated Purchase Price Adjustment**"), together with reasonable supporting material regarding the computation thereof. In calculating the Closing Purchase Price pursuant to Section 2.5, the Base Purchase Price will be increased to reflect the Estimated Proration Adjustment Amount.

(c) Post-Closing Adjustment.

(i) Within sixty (60) days following the Closing Date, Seller shall prepare and deliver to Buyer a statement (the "**Closing Statement**") that shall set forth in reasonable detail Seller's calculation of the net amount of all adjustments to the Base Purchase Price required by Section 2.6(a) taking into account actual data (the "**Purchase Price Adjustment**"), together with reasonable supporting material regarding the computation thereof. Buyer shall have thirty (30) days to review the Closing Statement following receipt thereof. On or before the end of such 30-day review period, Buyer may object to the Closing Statement by written notice to Seller (the "**Objection Notice**"), setting forth Buyer's specific objections to the calculation of the Purchase Price Adjustment. Such Objection Notice shall specify those items or amounts with which Buyer disagrees, together with a detailed written explanation of the reasons for disagreement with each such item or amount (and reasonable supporting material therefor), and shall set forth Buyer's calculation of the Purchase Price Adjustment based on such objections. To the extent not set forth in a timely-delivered Objection Notice, Buyer shall be deemed to have agreed with Seller's calculation of all other items and amounts contained in the Closing Statement and neither party may thereafter dispute any item or amount not set forth in such Objection Notice. If Buyer does not timely deliver any Objection Notice, Buyer shall be deemed to have agreed with and accepted Seller's calculation of the Purchase Price Adjustment, and the Closing Statement shall be final and binding on the Parties as of the end of Buyer's 30-day review period.

(ii) If Buyer timely delivers an Objection Notice to Seller, Buyer and Seller shall, during the thirty (30) day period following such delivery (or any mutually agreed extension thereof), use their commercially reasonable efforts to negotiate and reach agreement on the disputed items and amounts in order to determine the amount of the Purchase Price Adjustment. If, at the end of such period (or any mutually agreed extension thereof), the Parties are unable to resolve their disagreements, they shall jointly retain and refer their disagreements to a nationally recognized independent accounting firm selected by Seller (the “**Independent Accountant**”). The Parties shall instruct the Independent Accountant to promptly review this Section 2.6 and to determine solely with respect to the disputed items and amounts so submitted whether and to what extent, if any, the Purchase Price Adjustment set forth in the Closing Statement requires adjustment. The Independent Accountant shall base its determination solely on written submissions by Buyer and Seller. As promptly as practicable, but in no event later than thirty (30) days after its retention, the Independent Accountant shall deliver to Buyer and Seller a report which sets forth its resolution of the disputed items and amounts and its calculation of the Purchase Price Adjustment; *provided* that the Independent Accountant may not assign a value to any item greater than the greatest value for such item claimed by either Party or less than the smallest value for such item claimed by either Party. The decision of the Independent Accountant shall be final and binding on the Parties. The costs and expenses of the Independent Accountant shall be allocated between the Parties based upon the percentage which the portion of the contested amount not awarded to each party bears to the amount actually contested by such party, as determined by the Independent Accountant. The Parties agree to execute, if requested by the Independent Accountant, a reasonable engagement letter, including customary indemnities in favor of the Independent Accountant. The Parties shall cooperate and shall furnish each other and, if applicable, the Independent Accountant, with such documents and other records that may be reasonably requested in connection with the preparation, review and final determination of the Closing Statement and Purchase Price Adjustment and the other matters addressed in this Section 2.6.

(iii) For purposes of this Section 2.6(c), “**Final Purchase Price Adjustment**” means the Purchase Price Adjustment:

(A) As shown in the Closing Statement delivered by Seller to Buyer pursuant to Section 2.6(c)(i), if no Objection Notice with respect thereto is timely delivered by Buyer to Seller pursuant to Section 2.6(c)(i); or

(B) If an Objection Notice is so delivered, (x) as agreed by the Parties pursuant to Section 2.6(c)(ii) or (y) in the absence of such agreement, as shown in the Independent Accountant’s report delivered pursuant to Section 2.6(c)(ii).

(iv) Within three (3) Business Days after the Final Purchase Price Adjustment has been finally determined pursuant to this Section 2.6(c):

(A) If the Final Purchase Price Adjustment is less than the Estimated Purchase Price Adjustment, Seller shall pay to Buyer an amount equal to (x) the Estimated Purchase Price Adjustment minus (y) the Final Purchase Price Adjustment; and

(B) If the Final Purchase Price Adjustment is greater than the Estimated Purchase Price Adjustment, Buyer shall pay to Seller an amount equal to (x) the Final Purchase Price Adjustment minus (y) the Estimated Purchase Price Adjustment.

Any payment required to be made by a Party pursuant to this Section 2.6(c)(iv) shall be made to the other Party by wire transfer of immediately available funds to the account designated in writing by such other Party.

Section 2.7 Proration.

(a) Buyer and Seller agree that all of the items (including any Prepayments with respect to such items) normally prorated in a sale of assets of the type contemplated by this Agreement, including those listed below, relating to the ownership and operation of the Acquired Assets (collectively, the “**Prorated Items**”), shall be prorated on a daily basis as of the Closing Date in accordance with this Section 2.7, with Seller liable to the extent such items relate to any period prior to the Closing Date, and Buyer liable to the extent such items relate to periods on and after the Closing Date:

(i) Personal property, real property, occupancy and water Taxes, assessments and other charges, if any, on or associated with the Acquired Assets;

(ii) Rent, Taxes and other items payable by or to Seller under any of the Assigned Contracts or Assigned Leases;

(iii) Any Permit, license, registration or other fees with respect to any Transferable Permit associated with the

Acquired Assets;

(iv) Sewer rents and charges for water, telephone, electricity and other utilities; and

(v) Revenues associated with the Environmental Attributes set forth in Schedule 2.1(i).

(b) At least five (5) Business Days prior to the Closing Date, Seller will deliver to Buyer a worksheet setting forth in reasonable detail (i) Seller's good faith reasonable estimate of the Prorated Amount for each Prorated Item (with respect to each Prorated Item, the "**Estimated Prorated Amount**"), together with reasonable supporting material regarding such estimate, and (ii) the calculation of the net amount of the Estimated Prorated Amounts (the "**Estimated Proration Adjustment Amount**"). In the event that, with respect to any Prorated Item, actual figures are not available as of the time of the calculation of the Estimated Prorated Amount, the Estimated Prorated Amount for such Prorated Item shall be a good faith reasonable estimate based upon the actual fee, cost or amount of the Prorated Item for the most recent preceding year (or appropriate period) for which an actual fee, cost or amount paid is available. In calculating the Closing Purchase Price pursuant to Section 2.5, the Base Purchase Price will be adjusted appropriately to reflect the Estimated Proration Adjustment Amount.

(c) When the actual Prorated Amount with respect to any Prorated Item (the "**Actual Prorated Amount**") becomes available to either Party, it shall promptly (and in any event within ninety (90) days following Closing) notify the other Party of such Prorated Item and Actual Prorated Amount, together with reasonable detail and supporting material regarding the computation thereof. For any Prorated Item with respect to which the Estimated Prorated Amount is not equal to the Actual Prorated Amount, upon the request of either Seller or Buyer, made within thirty (30) days of the date when such Actual Prorated Amount became available to such Party (or such Party received notice of such Actual Prorated Amount from the other Party, as applicable), the Parties shall agree on an adjustment to account for the difference between the Estimated Prorated Amount and the Actual Prorated Amount for such Prorated Item. All disputes between Seller and Buyer respecting any such requested adjustments that are not resolved by mutual agreement within sixty (60) days following the end of the foregoing ninety (90) day notice period shall be referred by the Parties to the Independent Accountant, who shall resolve such disputes and determine such final adjustment substantially in accordance with the procedures set forth in Section 2.6(c)(ii), applied *mutatis mutandis*. Any adjustment payment to be made by Buyer or Seller, as applicable, to the other Party pursuant to this Section 2.7(c) shall be paid within ten (10) days following the Parties' agreement (or the Independent Accountant's determination) with respect thereto by wire transfer of immediately available funds to the account designated in writing by such other Party. The Parties agree to cooperate and furnish each other with such documents and other records that may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 2.7.

Section 2.8 Allocation of Purchase Price.

(a) Buyer and Seller shall agree upon an allocation among the Acquired Assets of the sum of the Purchase Price and the Assumed Liabilities consistent with Section 1060 of the Code and the Treasury Regulations thereunder on or before the Closing Date (or any mutually agreed extension thereof). Each of Buyer and Seller agrees to file Internal Revenue Service Form 8594 and all federal, state, local and foreign Tax Returns, and to report the transactions contemplated by this Agreement and the Related Agreements for federal income Tax and all other Tax purposes, in a manner consistent with the allocation determined pursuant to this Section 2.8 (as revised to take into account subsequent adjustments to the Purchase Price, including adjustments to the Purchase Price pursuant to Section 2.6 and Section 2.7 and any indemnification payment treated as an adjustment to the Purchase Price pursuant to Section 7.7, as mutually agreed upon by the Parties and in accordance with the provisions of the Code and the Treasury Regulations thereunder). Each of Buyer and Seller agrees to provide the other promptly with any other information required to complete Form 8594. Each of Buyer and Seller shall notify and provide the other with reasonable assistance in the event of an examination, audit or other proceeding regarding the agreed upon allocation of the Purchase Price.

(b) In compliance with the Settlement Agreement's requirement to fairly allocate among individual assets the sale price of any assets that are sold as a group, the Parties acknowledge and agree that the portion of the Purchase Price allocable to each Facility and to the ARCO Shares for purposes of the ARCO ROFR is as set forth on Schedule 2.8(b).

Section 2.9 Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place at the offices of Seller, 780 N. Commercial Street, Manchester, New Hampshire 03105-0330, beginning at 10:00 a.m. local time, on the third (3rd) Business Day following the date on which all of the conditions set forth in ARTICLE VI have either been satisfied or expressly waived by the Party for whose benefit such condition exists (other than conditions which, by their nature, are to be satisfied at Closing, but subject to the satisfaction or waiver of those conditions), or at such other time, date or place as the Parties may mutually agree. The date of Closing is hereinafter called the "**Closing Date**." The Closing shall be effective for all purposes herein as of 12:01 a.m. Eastern time on the Closing Date.

Section 2.10 Deliveries by Seller at Closing. At Closing, Seller shall deliver the following to Buyer, duly executed and properly acknowledged, if appropriate:

(a) With respect to each parcel of Real Property, a deed conveying such parcel to Buyer, substantially in the form to be agreed to by Seller and Buyer in accordance with Section 5.2(f) and otherwise in a form suitable for recording (each, a “**Deed**”);

(b) With respect to each Assigned Lease, an assignment and assumption of lease, substantially in the form to be agreed to by Seller and Buyer in accordance with Section 5.2(f) and otherwise in a form suitable for recording, if necessary (each, an “**Assignment and Assumption of Lease**”);

(c) A bill of sale transferring the tangible personal property included in the Acquired Assets to Buyer, substantially in the form to be agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Bill of Sale**”);

(d) An assignment and assumption agreement pursuant to which Seller shall assign certain rights, liabilities and obligations to Buyer and Buyer shall assume the Assumed Liabilities, substantially in the form to be agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Assignment and Assumption Agreement**”);

(e) An agreement between the Parties evidencing their agreement as to the demarcation of ownership with respect to certain assets not situated wholly on real property owned, or to be owned, by either Seller or Buyer, as applicable, substantially in the form to be agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Asset Demarcation Agreement**”);

(f) With respect to each Facility, an agreement between the Parties respecting the interconnection of such Facility with Seller’s transmission system, substantially in the applicable forms to be agreed to by Seller and Buyer in accordance with Section 5.2(f) (together, the “**Interconnection Agreements**”);

(g) A release of the Acquired Assets from the Lien imposed by the Mortgage Indenture, substantially in the form to be agreed to by Seller and Buyer in accordance with Section 5.2(f) (the “**Release of Mortgage Indenture**”);

(h) The Easements;

(i) If requested by Buyer, the Transition Services Agreement;

(j) Stock certificates evidencing the ARCO Shares, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank;

(k) Certificates of title for the vehicles and boats which are part of the Acquired Assets;

(l) Copies of all Seller Required Consents;

(m) Seller’s Transfer Tax Declarations of Consideration required under New Hampshire RSA 78-B:10 and New Hampshire Department of Revenue Administration rules (Forms CD-57-S);

(n) A certification of non-foreign status, pursuant to Treasury Regulations Section 1.1445-2(b)(2), with respect to Seller;

(o) The officer’s certificate of Seller required by Section 6.1(c);

(p) A certificate of existence and good standing with respect to Seller, as of a recent date, issued by the secretary of state or other appropriate Governmental Authority of the jurisdiction of Seller’s organization, and certificates of good standing and qualification or authorization to do business (or the equivalent certificates) with respect to Seller, each as of a recent date, issued by the secretary of state or similar Governmental Authority in each other jurisdiction where the actions to be performed hereunder make such qualification or authorization necessary;

(q) A copy, certified by the Secretary or an Assistant Secretary of Seller, of corporate resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby;

(r) A certificate of the Secretary or an Assistant Secretary of Seller which shall identify by name and title and bear the signature of the officers of Seller authorized to execute and deliver this Agreement and the Related Agreements; and

(s) All such other instruments or documents as Buyer and its counsel may reasonably request in order to give effect to the transfer of the Acquired Assets as contemplated hereby or to otherwise facilitate the transactions contemplated by this Agreement and the Related Agreements; *provided, however*, that this Section 2.10(s) shall not require Seller to prepare or obtain any surveys relating to the Real Property or Leased Real Property other than those previously provided to Buyer.

Section 2.11 Deliveries by Buyer at Closing. At Closing, Buyer shall deliver to Seller, duly executed and properly acknowledged, if appropriate:

- (a) The Closing Purchase Price in accordance with Section 2.5;
- (b) The Assignment and Assumption of Lease respecting each Assigned Lease;
- (c) The Bill of Sale;
- (d) The Assignment and Assumption Agreement;
- (e) The Asset Demarcation Agreement;
- (f) The Interconnection Agreements;
- (g) The Easements;
- (h) If requested by Buyer, the Transition Services Agreement;
- (i) Copies of all Buyer Required Consents;
- (j) Evidence of Buyer's membership in NEPOOL;
- (k) Buyer's Transfer Tax Declarations of Consideration required under New Hampshire RSA 78-B:10 and New Hampshire Department of Revenue Administration rules (Forms CD-57-P) and Inventory of Property Transfer Forms (Forms PA-34);
- (l) All applicable exemption certificates with respect to Taxes that would otherwise be imposed with respect to the transactions contemplated by this Agreement;
- (m) The officer's certificate of Buyer required by Section 6.2(c);
- (n) A certificate of existence and good standing with respect to Buyer, as of a recent date, issued by the secretary of state or other appropriate Governmental Authority of the jurisdiction of Buyer's organization, and certificates of good standing and qualification or authorization to do business (or the equivalent certificates) with respect to Buyer, each as of a recent date, issued by the secretary of state or similar Governmental Authority in each other jurisdiction where the actions to be performed hereunder make such qualification or authorization necessary;
- (o) A copy, certified by the Secretary or an Assistant Secretary of Buyer, of resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby;
- (p) A certificate of the Secretary or an Assistant Secretary of Buyer which shall identify by name and title and bear the signature of the officers of Seller authorized to execute and deliver this Agreement and the Related Agreements; and
- (q) All such other instruments or documents as Seller and its counsel may reasonably request in order to give effect to the transfer of the Acquired Assets or the assumption of the Assumed Liabilities as contemplated hereby or to otherwise facilitate the transactions contemplated by this Agreement and the Related Agreements.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this ARTICLE III are true and correct as of the Effective Date and as of the Closing Date, except as set forth in the Schedules.

Section 3.1 Organization and Existence. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of New Hampshire. Seller is duly qualified or authorized to do business in each other jurisdiction in which the ownership or operation of the Acquired Assets make such qualification or authorization necessary, except in those jurisdictions where the failure to be so duly qualified or authorized would not have a Material Adverse Effect.

Section 3.2 Authority and Enforceability. Seller has the corporate power and authority to execute and deliver this Agreement and the Related Agreements to which it is a party and, subject to receipt of the Seller Required Consents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. All corporate actions or

proceedings to be taken by or on the part of Seller to authorize and permit the due execution and valid delivery by Seller of this Agreement and the Related Agreements to which it is a party, the performance by Seller of its obligations hereunder and thereunder, and the consummation by Seller of the transactions contemplated hereby and thereby have been duly and properly taken. This Agreement has been duly executed and delivered by Seller and, assuming the due authorization, execution and delivery by Buyer and receipt of the Seller Required Consents, constitutes the valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law. When each Related Agreement to which Seller is a party has been duly executed and delivered by Seller, assuming the due authorization, execution and delivery by each other party thereto and receipt of the Seller Required Consents, such Related Agreement will constitute the valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

Section 3.3 No Conflicts; Consents and Approvals. Assuming all of the Consents of the Governmental Authorities and other Persons set forth on Schedule 3.3 (the “**Seller Required Consents**”) have been obtained, and assuming the truth and accuracy of Buyer's representations and warranties set forth herein, the execution and delivery by Seller of this Agreement and the Related Agreements to which it is or will be a party do not and will not, the performance by Seller of its obligations hereunder and thereunder will not, and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Organizational Documents of Seller;

(b) (i) conflict with, result in a breach of, constitute a default under, result in the acceleration of, or create in any Person the right to accelerate, terminate, modify, revoke, suspend or cancel (with or without giving of notice, the lapse of time or both), any material Contract to which Seller is bound or to which any of the Acquired Assets is subject, (ii) conflict with or result in a violation or breach of any Law, Order or Permit to which Seller or any of the Acquired Assets is subject, or (iii) require the Consent of any Governmental Authority under any applicable Law; or

(c) result in the imposition or creation of any Lien on any Acquired Asset, other than any Permitted Lien.

Section 3.4 Legal Proceedings. Except as set forth on Schedule 3.4, there is no Claim pending or, to Seller's Knowledge, threatened against Seller (a) that relates to any Facility or any of the Acquired Assets or that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, or (b) that, as of the Effective Date, seeks an Order restraining, enjoining or otherwise prohibiting or making illegal any of the transactions contemplated hereby. Except as set forth on Schedule 3.4, neither Seller (to the extent relating to the Acquired Assets or the Business) nor any of the Acquired Assets are bound by any Order (other than any Order of general applicability). As of the Effective Date, Seller is not subject to any Order that prohibits the consummation of the transactions contemplated by this Agreement. None of the representations and warranties set forth in this Section 3.4 shall be deemed to relate to (i) Tax matters, which are addressed in Section 3.10, (ii) environmental matters, which are addressed in Section 3.11, (iii) employment and labor matters, which are addressed in Section 3.12, or (iv) employee benefits matters, which are addressed in Section 3.13.

Section 3.5 Compliance with Laws; Permits.

(a) Except as set forth on Schedule 3.5(a), Seller is in compliance in all material respects with all Laws applicable to the Acquired Assets and Seller's ownership and operation thereof.

(b) Schedule 3.5(b) lists all Permits (other than Environmental Permits) that are material to the ownership and operation of the Acquired Assets, and identifies those material Permits that are Transferable Permits. The Permits listed in Schedule 3.5(b) are in full force and effect. Seller is in compliance in all material respects with the terms of all Permits listed in Schedule 3.5(b).

(c) None of the representations and warranties set forth in this Section 3.5 shall be deemed to relate to (i) Tax matters, which are addressed in Section 3.10, (ii) environmental matters, which are addressed in Section 3.11, (iii) employment and labor matters, which are addressed in Section 3.12, or (iv) employee benefits matters, which are addressed in Section 3.13.

Section 3.6 Title to Acquired Assets. Except for Permitted Liens, Seller has valid title to the Real Property, and leasehold interests in the Leased Real Property, free and clear of Liens other than Permitted Liens. Seller has valid title to, valid leasehold interests in or valid licenses or rights to use all other Acquired Assets, free and clear of Liens other than Permitted Liens.

Section 3.7 Assets Used in Operation of the Facilities. Except as set forth in Schedule 3.7, (a) the Acquired Assets include

all of the material assets and properties that are used by Seller in the operation of the Facilities and necessary for the operation of the Business, and (b) all Acquired Assets that constitute tangible personal property are currently located at (or are in transit to) the Facilities and no such Acquired Assets intended for the Facilities are being held by Third Parties.

Section 3.8 Material Contracts.

(a) Except (i) as listed in Schedule 2.1(b) or Schedule 2.1(e), (ii) for Contracts that will expire or be fully performed prior to the Closing Date, (iii) for Contracts that can be terminated upon sixty (60) days' or less notice without liability, and (iv) for Contracts entered into in the ordinary course of business that will not by their terms extend more than two (2) years beyond the Closing Date and whose payment obligations do not exceed Three Hundred Thousand Dollars (\$300,000) individually or One Million Dollars (\$1,000,000) in the aggregate, Seller is not a party to any Contract that is material to the ownership or operation of the Acquired Assets as owned and operated by Seller on the Effective Date.

(b) Except as described in Schedule 3.8(b), and assuming all Seller Required Consents required in connection with each Material Contract are obtained prior to Closing, (i) each Material Contract (except to the extent such Material Contract terminates or expires after the Effective Date in accordance with its terms) is in full force and effect and is a valid and binding obligation of Seller and, to Seller's Knowledge, of the other parties thereto, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether considered in a proceeding in equity or at law, (ii) neither Seller nor, to Seller's Knowledge, any other party thereto, is in violation of or default under any Material Contract, and (iii) each Material Contract may be assigned to Buyer pursuant to this Agreement without breaching the terms thereof or resulting in the forfeiture or impairment of any material rights thereunder. No Material Contract has been terminated, repudiated, rescinded, amended or modified and, to Seller's Knowledge, no such termination, repudiation, rescission, amendment or modification is contemplated.

Section 3.9 Insurance. The Acquired Assets are insured to the extent specified under the material insurance policies listed on Schedule 3.9. No written notice of cancellation or termination has been received by Seller with respect to any such policy that has not been replaced on substantially similar terms prior to the date of such cancellation or termination. Schedule 3.9 sets forth a list of all pending claims that have been made under any such policy with respect to the Acquired Assets. Except as described in Schedule 3.9, Seller has not been refused any material insurance with respect to the Acquired Assets, nor has coverage with respect to the Acquired Assets been limited in any material respect by any insurance carrier to which Seller has applied for any such insurance or with which it has carried insurance, in each case, during the twelve (12) months ending on the Effective Date.

Section 3.10 Taxes. Seller has filed all Tax Returns that it was required to file with respect to the Acquired Assets and has paid all Taxes that have become due as indicated thereon (except where Seller is contesting such Taxes in good faith by appropriate proceedings), where the failure to so file or pay would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect or result in any Liability to Buyer. There is no unpaid Tax due and payable that would reasonably be expected to result in a Material Adverse Effect or for which Buyer could become liable. Except as set forth on Schedule 3.10, there is no audit or other Claim now pending with respect to any material Tax respecting the Acquired Assets. Notwithstanding any other provision of this Agreement to the contrary, this Section 3.10 contains the sole and exclusive representations and warranties of Seller relating to Tax matters.

Section 3.11 Environmental Matters.

(a) Schedule 3.11(a) lists all Environmental Permits that are material to the ownership and operation of the Acquired Assets, and identifies those material Environmental Permits that are Transferable Permits. Except as set forth on Schedule 3.11(a), the Environmental Permits listed in Schedule 3.11(a) are in full force and effect.

(b) Except as disclosed on Schedule 3.11(b), during the past five (5) years, with respect to the Acquired Assets: (i) Seller has not received any written notice from any Governmental Authority that it is not in compliance with Environmental Laws or that it failed to obtain material Environmental Permits; (ii) Seller has not received any written notice from any Governmental Authority that any Acquired Asset is listed under the Comprehensive Environmental Response, Compensation Liability Information Systems or any similar state list; (iii) Seller has not received written notice from any Person alleging Liability for any Environmental Claims and no Environmental Claims are pending or, to Seller's Knowledge, threatened, against Seller by any Governmental Authority or third party under any Environmental Laws; and (iv) Seller was not required by any applicable Environmental Laws to place any use or activities restrictions or any institutional controls on any Acquired Assets. Except as disclosed on Schedule 3.11(b), with respect to the Acquired Assets, there has been no occurrence of any the events described in clauses (i) – (iv) of the previous sentence at any time during Seller's ownership of the Acquired Assets which are not finally resolved or satisfied. Except as described in Schedule 3.11(b), Seller has no Knowledge of any matters which could give rise to material Environmental Liabilities.

(c) To the Seller's Knowledge, there has been no Release of Hazardous Substances in violation of Environmental

Laws at any of the Facilities that has not been duly and finally resolved to a condition of “No Further Action Required” or equivalent under applicable Environmental Laws.

(d) Notwithstanding any other provision of this Agreement to the contrary, this Section 3.11 contains the sole and exclusive representations and warranties of Seller relating to Environmental Laws, Environmental Permits, Hazardous Substances or other environmental matters.

Section 3.12 Employment and Labor Matters.

(a) Schedule 3.12(a) sets forth (i) a list, organized by job classification at each Facility, of all employees of Seller who are represented by the Union and employed under the terms of the Generation CBA, and who are primarily employed in the operation or support of the Facilities as of the Effective Date (the “**Represented Scheduled Employees**”), and (ii) a list of all other employees of Seller or Eversource Service who are primarily employed in the operation or support of the Facilities as of the Effective Date, but are not represented by the Union (the “**Non-Represented Scheduled Employees**” and, together with the Represented Scheduled Employees, the “**Scheduled Employees**”), which list shall be amended during the Interim Period to reflect any changes thereto, to the extent such changes are not in violation of any applicable covenants in Section 5.5. Except as set forth on Schedule 3.12(a), there are no agreements or contracts for employment between Seller, on the one hand, and any Non-Represented Scheduled Employee, on the other which require the Buyer to pay any severance or other amounts following termination of such Non-Represented Scheduled Employee’s employment.

(b) The Generation CBA is the only collective bargaining agreement to which Seller is a party and which governs terms and conditions of employment of any Scheduled Employees listed in part (i) of Schedule 3.12(a), and Seller is not a party to any other collective bargaining agreement that is applicable to any other Scheduled Employee. Except as described in Schedule 3.12(b): (i) Seller has not experienced any strikes or work stoppages at any of the Facilities due to labor disagreements in the past five (5) years and to Seller’s Knowledge none is currently pending or threatened; (ii) Seller is in compliance in all material respects with all applicable Laws respecting employment and employment practices, equal employment opportunity, occupational health and safety and affirmative action, terms and conditions of employment and wages and hours with respect to the Scheduled Employees; (iii) Seller is not currently subject to any pending, or to Seller’s Knowledge threatened, unfair labor practice charge or complaint against Seller before the National Labor Relations Board or any other Governmental Authority with respect to the Scheduled Employees; (iv) no arbitration proceeding arising out of or under the Generation CBA is pending or, to Seller’s Knowledge threatened, against Seller with respect to the Scheduled Employees; and (v) Seller is in compliance in all material respects with the Generation CBA.

(c) Notwithstanding any other provision of this Agreement to the contrary, this Section 3.12 contains the sole and exclusive representations and warranties of Seller relating to employment and labor matters.

Section 3.13 Employee Benefit Plans. Schedule 3.13 lists, as of the Effective Date, all Employee Benefit Plans established, sponsored, maintained or contributed to (or required to be contributed to) by Seller in respect of the Scheduled Employees. True and complete copies of all such Employee Benefit Plans have been Made Available to Buyer. Seller does not contribute to, and has no obligation to contribute to, a “multiemployer plan” within the meaning of Section 3(37) of ERISA. No liability under Title IV or Section 302 of ERISA or Section 412 of the Code has been incurred by Seller with respect to the Scheduled Employees that has not been satisfied in full, and to Seller’s Knowledge no condition exists that presents a material risk to Seller of incurring any such liability, other than liability for premiums due the Pension Benefit Guaranty Corporation, which premiums have been paid. Notwithstanding any other provision of this Agreement to the contrary, this Section 3.13 contains the sole and exclusive representations and warranties of Seller relating to employee benefits matters.

Section 3.14 Condemnation. Seller has received no written notice from any Governmental Authority of any pending or threatened proceeding to condemn or take by power of eminent domain or otherwise, by any Governmental Authority, all or any part of the Acquired Assets.

Section 3.15 Regulatory Status. Seller is a “public utility” under New Hampshire RSA 362:2 and is subject to regulation as such by the NHPUC. With respect to Canaan Station, Seller is a “public service corporation” under the laws of Vermont and is subject to regulation as such by the VTPUC. Seller is an “electric utility company” that is a “subsidiary company” of a “holding company” which is registered under (and as those terms are defined in) the Public Utility Holding Company Act of 2005, and is subject to regulation as such by FERC. With respect to the Facilities and the Business, Seller has authorization from FERC to charge market-based rates for wholesale sales of capacity and energy in a final order, no longer subject to rehearing or appeal. Seller is not subject to any pending action, and to Seller’s Knowledge, no such action is threatened, in either case by FERC, NERC, any independent system operator or regional transmission organization, any state utility, or any state public services commission in any manner relating to the Facilities or the Business, and Seller is in compliance in all material respects with the requirements under the Federal Power Act, applicable to a “public utility” with authority to sell wholesale electric power, capacity and ancillary services at market-based rates and is in compliance in all material respects with all requirements of any federal, state, independent system operator or regional transmission

organization related to the generation or sale of wholesale power, in each case to the extent related to the Business. To Seller's Knowledge, there has been no Claim or conduct by any Person that would serve as the basis for any Claim against Seller before FERC. All material filings required to be made within the last three (3) calendar years with the FERC under the Federal Power Act, the Public Utility Holding Company Act of 2005, the Department of Energy or any applicable state public utility commissions, as the case may be, have been made, including all material forms, statements, reports, agreements and all material documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs and related documents, in each case to the extent related to the Business, and all such filings complied in all material respects, as of their respective dates, with applicable requirements of applicable Law.

Section 3.16 ARCO Shares. Seller is the sole record and beneficial owner of the ARCO Shares, free and clear of Liens other than Permitted Liens. The ARCO By-Laws are in full force and effect, have not been terminated, repudiated, rescinded, amended or modified, and no such termination, repudiation, rescission, amendment or modification is contemplated. Other than the ARCO Bylaws, there are no agreements among or binding upon all of the shareholders of ARCO (in their capacity as such). Notwithstanding any other provision of this Agreement to the contrary, Section 3.2, Section 3.3, Section 3.4 and this Section 3.16 contain the sole and exclusive representations and warranties of Seller relating to ARCO and the ARCO Shares.

Section 3.17 Brokers. Except for the fees and expenses of J.P. Morgan Securities LLC, for which Seller is solely responsible, Seller does not have any Liability to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement or the Related Agreements for which Buyer could become liable or obligated.

Section 3.18 Complete Copies. True and complete copies of the Material Contracts, the Assigned Leases, the Transferable Permits and the Generation CBA have been Made Available to Buyer.

Section 3.19 Exclusive Representations and Warranties. It is the explicit intent of each Party hereto that Seller is not making any representation or warranty whatsoever, express or implied, respecting the Business, the Acquired Assets, the Assumed Liabilities or the transactions contemplated by this Agreement and the Related Agreements, except those representations and warranties expressly set forth in this ARTICLE III.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this ARTICLE IV are true and correct as of the Effective Date and the Closing Date.

Section 4.1 Organization and Existence. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Buyer is duly qualified or authorized to do business in each other jurisdiction where the actions to be performed hereunder make such qualification or authorization necessary.

Section 4.2 Authority and Enforceability. Buyer has the limited liability company power and authority to execute and deliver this Agreement and the Related Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. All limited liability company actions or proceedings to be taken by or on the part of Buyer to authorize and permit the due execution and valid delivery by Buyer of this Agreement and the Related Agreements to which it is a party, the performance by Buyer of its obligations hereunder and thereunder, and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly and properly taken. This Agreement has been duly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by Seller, constitutes the valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law. When each Related Agreement to which Buyer is a party has been duly executed and delivered by Buyer, assuming the due authorization, execution and delivery by each other party thereto, such Related Agreement will constitute the valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

Section 4.3 Noncontravention. The execution and delivery by Buyer of this Agreement and the Related Agreements to which it is or will be a party do not and will not, the performance by Buyer of its obligations hereunder and thereunder will not, and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Organizational Documents of Buyer;

(b) conflict with, result in a breach of, constitute a default under, result in the acceleration of, or create in any Person the right to accelerate, terminate, modify, revoke, suspend or cancel (with or without giving of notice, the lapse of time or both), any Contract to which Buyer is bound or to which any of its assets is subject, except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Buyer's ability to perform its obligations hereunder; or

(c) assuming all of the Consents of the Governmental Authorities set forth on Schedule 4.3(c) (the "**Buyer Required Consents**") have been obtained, (i) conflict with or result in a violation or breach of any Law, Order or Permit to which Buyer or any of its assets is subject, or (ii) require the Consent of any Governmental Authority under any applicable Law; except, in the case of each of clauses (i) and (ii), as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Buyer's ability to perform its obligations hereunder.

Section 4.4 Legal Proceedings. Buyer has not been served with notice of any Claim and no Claim is pending or, to Buyer's knowledge, threatened, against Buyer (a) that seeks an Order restraining, enjoining or otherwise prohibiting or making illegal any of the transactions contemplated hereby or (b) that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on Buyer's ability to perform its obligations hereunder. Buyer is not bound by any Order that prohibits the consummation of the transactions contemplated by this Agreement or that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on Buyer's ability to perform its obligations hereunder.

Section 4.5 Compliance with Laws. Buyer is not in violation of any Law applicable to Buyer or its assets the effect of which, individually or in the aggregate, would reasonably be expected to have a material adverse effect on Buyer's ability to perform its obligations hereunder.

Section 4.6 Brokers. Neither Buyer nor any of its Affiliates has any Liability to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Seller or its Affiliates could become liable or obligated.

Section 4.7 Availability of Funds. Buyer has, and at the Closing will have, (a) cash on hand or other sources of immediately available funds in amounts sufficient to pay the full amount of the Purchase Price as well as any related fees, costs and expenses incurred by Buyer in connection with the transactions contemplated hereby, and (b) the resources and capabilities (financial or otherwise) to perform its obligations (including the Assumed Liabilities) under this Agreement and any Related Agreements. Buyer acknowledges and agrees that, notwithstanding anything to the contrary contained herein, its obligation to consummate the transactions contemplated hereby is not subject to Buyer or any of its Affiliates obtaining any financing, or to any other contingency or condition respecting financing or availability of funds.

Section 4.8 Qualified Buyer. To Buyer's knowledge, Buyer is qualified to obtain any Permits necessary for Buyer to own and operate the Acquired Assets as of the Closing, to the extent required by any Related Agreement or this Agreement, or is contemplated by Buyer.

Section 4.9 Governmental Approvals. As of the Effective Date, neither Buyer nor any of its Affiliates is a party to any Contract respecting the construction, development, acquisition, ownership or operation of any power facility or related asset that would reasonably be expected to cause a delay in any Governmental Authority's granting of a Buyer Required Consent or Seller Required Consent, and neither Buyer nor any of its Affiliates has any plans or has engaged in any discussions to enter into any such Contract prior to the Closing Date.

Section 4.10 WARN Act. Buyer does not intend, with respect to the Acquired Assets or Transferred Employees, to engage in a "plant closing" or "mass layoff," as such terms are defined in the WARN Act, within sixty (60) days after the Closing Date.

Section 4.11 Independent Investigation. Buyer is a sophisticated Person, knowledgeable about the industry in which Seller operates, experienced in investments in such businesses, and able to bear the economic risks associated with the transactions contemplated by this Agreement and the Related Agreements. Buyer has such knowledge and experience as to be aware of the risks and uncertainties inherent in the acquisition of the Acquired Assets, the assumption of the Assumed Liabilities, and the rights and obligations of the type contemplated in this Agreement. Buyer has conducted to its satisfaction, independently and without reliance on Seller or its Representatives (except to the extent that Buyer has relied on the representations and warranties of Seller set forth in ARTICLE III hereof), its own investigation, review and analysis of the Facilities, the Acquired Assets and the Assumed Liabilities, and based on such investigation, review and analysis, has formed an independent judgment concerning the assets, Liabilities, condition, operations and prospects of the Acquired Assets and the ownership and operation thereof. In making its decision to execute this Agreement and the Related Agreements and to enter into the transactions contemplated hereby and thereby, Buyer has relied and will rely solely upon the results of such independent investigation, review and analysis and the terms and conditions of this Agreement (including the representations and warranties of Seller set forth in ARTICLE III hereof) and the Related Agreements. Buyer acknowledges that it has had reasonable and sufficient access to the Facilities, the Acquired Assets and documents and other

information and materials in connection therewith, that all documents and other information and materials requested by Buyer have been provided to Buyer to its satisfaction, and that it and its Representatives have had the opportunity to meet with the personnel and Representatives of Seller to discuss and ask questions concerning the foregoing.

Section 4.12 Disclaimer Regarding Projections. Buyer may be in possession of certain plans, projections and other forecasts regarding the Acquired Assets and the Assumed Liabilities, including estimates, budgets of future revenues, expenses or expenditures, projections of future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof). Buyer acknowledges that there are substantial uncertainties inherent in attempting to make such plans, projections and other forecasts, that Buyer is familiar with such uncertainties, that Buyer is taking full responsibility for making its own independent evaluation of the adequacy and accuracy of all plans, projections and other forecasts so furnished to it, and that Buyer shall have no claim against Seller, its Affiliates or their respective Representatives with respect thereto. Accordingly, Buyer acknowledges that without limiting the generality of this Section 4.12, neither Seller nor any of its Affiliates has made any representation or warranty with respect to such plans, projections or other forecasts.

Section 4.13 Investment Purposes; No Distribution. Buyer acknowledges that the ARCO Shares being acquired pursuant to this Agreement have not been registered under the Securities Act of 1933 or under any state or foreign securities Laws, and that the ARCO Shares may not be transferred, assigned, sold, offered for sale, pledged or otherwise disposed of except pursuant to the registration provisions of the Securities Act of 1933 and any applicable state or foreign securities Laws or pursuant to an applicable exemption from registration under the Securities Act of 1933 and any applicable state or foreign securities Laws. Buyer is purchasing the ARCO Shares for its own account for investment purposes and not with a view to any public resale or other distribution thereof. Buyer is an “accredited investor” as defined under Rule 501 promulgated under the Securities Act of 1933, is able to bear the economic risk of holding the ARCO Shares for an indefinite period (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of such investment.

ARTICLE V COVENANTS

Section 5.1 Closing Conditions. From the Effective Date until the Closing (the “Interim Period”), subject to the terms and conditions of this Agreement, each Party shall use its commercially reasonable efforts to take such actions as are necessary, proper or advisable in order to expeditiously consummate and make effective the transactions contemplated by this Agreement and the Related Agreements (including satisfaction, but not waiver, of those closing conditions set forth in ARTICLE VI).

Section 5.2 Notices, Consents and Approvals. During the Interim Period:

(a) Subject to Section 5.2(c), during the Interim Period, each Party will and will cause its respective applicable Affiliates to, in order to consummate the transactions contemplated by this Agreement and the Related Agreements, provide reasonable cooperation to the other Party, and proceed diligently and in good faith and use all reasonable best efforts, as promptly as practicable, to (i) obtain the Buyer Required Consents and the Seller Required Consents, (ii) make all required filings with, and give all required notices to, the applicable Governmental Authorities or other Persons required to consummate the transactions contemplated by this Agreement and the Related Agreements, and (iii) cooperate in good faith with the applicable Governmental Authorities or other Persons and promptly provide such other information and communications to such Governmental Authorities or other Persons as such Governmental Authorities or other Persons may reasonably request in connection with the foregoing. The Parties will provide prompt notification to each other when any such Consent referred to in this Section 5.2(a) is obtained, taken, made, given or denied, as applicable, and will, subject to Section 5.2(b), promptly advise each other of any material communications (in oral or written form) with any Governmental Authority or other Person regarding any of the transactions contemplated under this Agreement or the Related Agreements.

(b) In furtherance of the covenants set forth in Section 5.2(a):

(i) As soon as practicable following the Effective Date, Buyer and Seller shall prepare all necessary filings in connection with the transactions contemplated by this Agreement and the Related Agreements that may be required to be filed by such Party with applicable Governmental Authorities or under any applicable Laws. Such filings shall be submitted as soon as practicable following the Effective Date, but in no event later than thirty (30) days thereafter (subject to extension by mutual written agreement. The Parties shall (A) request expedited treatment of any such filings (where applicable), (B) subject to applicable Law and the instructions of any Governmental Authority, keep each other apprised of the status of matters relating to such filings, including by promptly furnishing each other with copies of any notices, correspondence or other written communication from the relevant Governmental Authority, (C) promptly make any appropriate or necessary subsequent or supplemental filings, submissions or responses to any Governmental Authority, and (D) cooperate in the preparation of such filings, submissions or responses as is reasonably necessary and appropriate, including by making available to the other Party such information as the other Party may reasonably request in order to complete such filings or respond to information requests

by any Governmental Authority. Prior to making any material filing, submission, response or other communication to any Governmental Authority (or members of their respective staffs) in oral or written form, each Party will permit the other Party (or its counsel) a reasonable opportunity to review and provide comments on such proposed filing, submission, response or other communication, and will consult with and consider in good faith the views of the other Party in connection therewith. Each Party will consult with the other Party in advance of any material meeting or conference (in person or by telephone) with any such Governmental Authority, and to the extent not prohibited by Law or such Governmental Authority, give the other Party the opportunity to attend and to participate in such meetings and conferences. Notwithstanding the foregoing, neither Buyer nor Seller shall be obligated to share any information, filing, submission or response with the other Party if a Governmental Authority objects to the sharing of such information, filing, submission or response or if prohibited by applicable Law.

(ii) The Parties shall not, and shall cause their respective Affiliates not to, take any action that would reasonably be expected to materially adversely affect or delay the Consent of any Governmental Authority with respect to any of the filings referred to in Section 5.2(a). In addition, Buyer shall not knowingly take any action that would reasonably be expected to materially adversely affect or delay the Consent of any Governmental Authority with respect to any other asset sales being undertaken by Seller.

(iii) Except as set forth in Section 9.1 or as otherwise set forth in this Section 5.2, each Party shall bear its own fees, costs and all other expenses (including filing fees, transfer fees, legal fees and other filing preparation costs) associated with any Consents or other actions contemplated by this Section 5.2 in connection with or otherwise related to the transactions contemplated by this Agreement and the Related Agreements.

(c) In addition to the covenants set forth in Section 5.2(a) and Section 5.2(b), Buyer and Seller, as applicable, shall undertake promptly any and all actions required to complete lawfully the transactions contemplated by this Agreement and the Related Agreements prior to the Outside Date, including by (i) responding to and complying with, as promptly as reasonably practicable, any request for information or documentary material regarding such transactions from any relevant Governmental Authority (including, if applicable, responding to any “second request” for additional information or documentary material under the HSR Act as promptly as reasonably practicable), (ii) causing the prompt expiration or termination (including requesting early termination and/or approvals thereof) of any applicable waiting period and clearance or approval by any relevant Governmental Authority, including defense against, and the resolution of, any objections or challenges, in court or otherwise, by any relevant Governmental Authority or other Person preventing consummation of such transactions, and (iii) making any necessary post-Closing filing or proffering and consenting to an Order providing for the sale or other disposition, or the holding separate, of particular assets, categories of assets or lines of business, including the Acquired Assets or any other assets or lines of business of Buyer or any of its Affiliates, in order to mitigate or otherwise remedy any requirements of, or concerns of, any Governmental Authority, or proffering and consenting to any other restriction, prohibition or limitation on any of the Acquired Assets, or on Buyer or any of Buyer’s Affiliates or any of their respective assets, in order to mitigate or remedy such requirements or concerns. The entry by any Governmental Authority in any legal proceeding of an Order permitting the consummation of the transactions contemplated by this Agreement and/or any of the Related Agreements but which is subject to certain conditions or requires Buyer or any of its Affiliates to take any action, including any restructuring of the Acquired Assets or lines of business of Buyer or any of its Affiliates or any changes to the existing business of Buyer or any of its Affiliates, shall not be deemed a failure to satisfy the conditions specified in ARTICLE VI. For the avoidance of doubt, Buyer shall not take any action with respect to its obligations under this Section 5.2(c) which would bind Seller or any of its Affiliates irrespective of whether the transactions contemplated hereby occur.

(d) Buyer further agrees that neither it nor any of its Affiliates shall, prior to Closing, enter into any other Contract to acquire or market or control the output of, nor acquire or market or control the output of, electric generating facilities or uncommitted generation capacity in the ISO-NE market if the proposed acquisition or ability to market or control output of such additional electric generating facilities or uncommitted generation capacity in such market could reasonably be expected to increase the market power attributable to Buyer and its Affiliates in such market in a manner materially adverse to approval of the transactions contemplated by this Agreement and the Related Agreements by any relevant Governmental Authority or Counterparty or that would reasonably be expected to prevent or otherwise materially interfere with, or materially delay the consummation of the transactions contemplated hereby and thereby.

(e) During the Interim Period, Buyer and Seller shall cooperate and use their commercially reasonable efforts to secure the transfer or reissuance of the Transferable Permits to Buyer (including obtaining any necessary Consents thereto), or the substitution of Buyer for Seller where appropriate on pending applications for such Transferable Permits or renewals thereof, effective as of the Closing Date. If the Parties are unable to secure the transfer, reissuance or substitution respecting one or more Transferable Permits effective as of the Closing Date, Seller shall continue to reasonably cooperate with Buyer’s efforts to secure such transfer, reissuance or substitution following the Closing Date. Each Party agrees that it will accept the terms of all Transferable Permits as existing on the Effective Date relating to the operation of the Acquired Assets, and that it will not seek to amend any of such terms in connection with filings with Governmental Authorities relating to the transactions contemplated by this Agreement and the Related Agreements, other

than as necessary to effect the transfer or reissuance thereof to Buyer. In addition, with respect to any Transferable Permits for which the date for renewal will have passed by the Closing Date, Seller and Buyer shall cooperate to file by the Closing Date all applications with Governmental Authorities necessary to renew such Transferable Permits in a timely fashion without any material modifications to the terms thereof, except as may be required by applicable Law or to effect the renewal of such Permit in the name of Buyer.

(f) Promptly after the Effective Date and during the Interim Period, Buyer and Seller will in good faith negotiate the terms and conditions of the Related Agreements, Easements and easement plans with the intention of the forms of each being final on or before the thirtieth (30th) day after the Effective Date.

Section 5.3 Assigned Contracts.

(a) During the Interim Period, Buyer and Seller shall use commercially reasonable efforts to obtain all required Consents to the assignment to Buyer of the Assigned Contracts from the applicable counterparties thereto (each, a “**Counterparty**”), effective as of the Closing Date, in accordance with the following:

(i) Seller shall have primary responsibility for obtaining all necessary Consents to the assignment of Material Contracts, *provided* that Buyer shall cooperate with Seller’s efforts in this regard and shall use commercially reasonable efforts to assist Seller when so requested by Seller. Seller shall have primary responsibility for obtaining all necessary Consents to the assignment of Other Assigned Contracts, and in furtherance thereof, to the maximum extent permitted by Law and each applicable Other Assigned Contract, Seller appoints Buyer as Seller’s agent to obtain all required Consents of any Counterparty to each of the Other Assigned Contracts for the assignment thereof to Buyer effective as of the Closing Date, which Seller shall pursue, using commercially reasonable efforts, in accordance with a mutually agreed protocol and form letters to be sent to such Counterparties.

(ii) To the extent that any Assigned Contract relates to assets or services that are both used in the operations of one or more Facilities and used by Seller in its other operations, the Parties shall cooperate and use commercially reasonable efforts to obtain the required Consent for any partial assignment, apportionment or other arrangement as may be necessary or practicable to permit Buyer to obtain such portion of assets or services necessary for the continued operation of such Facilities on and after the Closing Date, and to permit Seller to retain such other rights or portion of the assets or services to continue its operations on and after the Closing Date, it being understood that the portion of each such Assigned Contract relating to Buyer’s continued operation of such Facilities on and after the Closing Date must be assigned to or otherwise obtained by Buyer as of the Closing pursuant to Section 2.1(e), and Schedule 2.1(e) (with respect to Material Contracts) shall be updated accordingly.

(iii) Seller shall reasonably cooperate with Buyer in providing any notices to Counterparties as may be required by the terms of any Assigned Contract or as Buyer (acting reasonably) may deem necessary or advisable, including notices providing Counterparties with updated notice information and updated bank account information to which any applicable payments should be made by such Counterparties. Buyer shall, where necessary, enter into a master agreement or similar enabling agreement with any Counterparty, on substantially the same terms as those in place on the Effective Date in a master or enabling agreement between Seller and such Counterparty, in connection with the assignment to Buyer of one or more purchase orders or similar Contracts subject to such master agreement or enabling agreement with Seller.

(iv) For the avoidance of doubt, it is specifically acknowledged and agreed by the Parties that neither Party shall be obligated to incur, pay, reimburse or provide or cause any of their respective Affiliates to incur, pay, reimburse or provide, any liability, compensation, consideration or charge to obtain the Consent of any Counterparty to the assignment of any Assigned Contract except to the extent set forth in or required by the terms of such Assigned Contract.

(v) To the extent that Seller’s rights under any Contract included as an Acquired Asset may not be assigned without the Consent of another Person, and such Consent has not been obtained by the Closing, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful or ineffective (or would otherwise impair Buyer’s rights and obligations thereunder), and such Contract shall not be so assigned at the Closing (such non-assigned Contracts, the “**Non-Assigned Contracts**”). Seller and Buyer shall continue to comply with their obligations under this Section 5.3(a) to the extent and for so long as the applicable Non-Assigned Contract shall not have been assigned to Buyer (and Seller, to the maximum extent permitted by Law and such Non-Assigned Contract, shall appoint Buyer to be Seller’s agent with respect to such Non-Assigned Contract for the purpose of obtaining an assignment thereof to Buyer); *provided* that neither Seller nor Buyer shall have any obligation to offer or pay any consideration in order to obtain any such Consent to assignment; *provided, further*, that Buyer and Seller shall use their commercially reasonable efforts, to the maximum extent permitted by Law and such Non-Assigned Contract, to enter into one or more back-to-back Contracts, or such other reasonable arrangements, that would place Buyer in the same or a substantially similar position and provide Buyer the same or substantially similar rights, privileges, liabilities, benefits and obligations, in each case, as if such Non-Assigned

Contract had been assigned to Buyer as of the Closing.

(b) During the Interim Period, Buyer and Seller shall use commercially reasonable efforts to obtain all required Consents to the assignment to Buyer of any warranty described in Section 2.1(c), effective as of the Closing Date. To the extent that Seller's rights under any such warranty may not be assigned without the Consent of another Person, and such Consent has not been obtained by the Closing, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful or ineffective (or would otherwise impair Buyer's rights and obligations thereunder), and such warranty shall not be so assigned at the Closing. Seller and Buyer shall continue to comply with their obligations under this Section 5.3(b) to the extent and for so long as the applicable warranty shall not have been assigned to Buyer, and Seller, to the maximum extent permitted by Law and such warranty, shall from and after the Closing, appoint Buyer to be Seller's agent for the purpose of enforcing such warranty so as to the maximum extent possible to provide Buyer with the rights and obligations of such warranty. Notwithstanding the foregoing, Seller shall not be obligated to bring or file suit against any Third Party; *provided* that if Seller shall determine not to bring or file suit after being requested by Buyer to do so, Seller shall, to the maximum extent permitted by Law or any applicable Contract, enter into such reasonable arrangements with Buyer so that Buyer may bring or file such suit with respect to the rights of Seller.

Section 5.4 Access of Buyer and Seller.

(a) During the Interim Period, Seller will provide Buyer and its Representatives with reasonable access, upon reasonable prior notice and during normal business hours, to the Facilities, the Scheduled Employees and all information related to the Acquired Assets, the Scheduled Employees and the Assumed Liabilities in possession of Seller and its Affiliates (including, subject to the receipt of any required Consents and in accordance with applicable Law, such information and records respecting the Scheduled Employees as Buyer reasonably deems necessary to comply with its obligations under this Agreement), and to the Representatives of Seller who have significant responsibility with respect thereto, in each case, as reasonably requested by Buyer in connection with the consummation of the transactions contemplated by this Agreement, but only to the extent that such access does not unreasonably interfere with the operation of the Facilities or the other business or operations of Seller or its Affiliates, and subject to compliance with applicable Laws and Permits; *provided*, that Seller shall have the right to have its Representatives present for any communication with the Scheduled Employees, or any other employees or officers of Seller or its Affiliates, and to impose reasonable restrictions and requirements for safety purposes. In connection with and subject to the limitations set forth in the foregoing, during the Interim Period, Seller shall permit Buyer and its Representatives to make such reasonable inspections of the Sites as Buyer may reasonably request (and Buyer shall be entitled, at its expense, to have the Sites surveyed and to conduct non-invasive physical inspections thereof); *provided, however*, that Buyer shall not be entitled to (i) perform any Phase I or Phase II environmental studies or environmental site assessments, except that Buyer may, at Buyer's cost and direction and upon notice to and in cooperation with Seller, engage the original environmental firm to update the existing Phase I environmental assessments posted to the Data Site to enable Buyer to conduct an examination of all appropriate inquiries and be afforded the protections of a bona fide purchaser under Environmental Laws, and Buyer shall promptly furnish Seller with a copy of any such updates or reports, and shall cause Seller to be listed as an identified user of the updated reports, or (ii) collect any air, soil, surface water or ground water samples nor to perform any invasive or destructive sampling on the Sites. Seller shall furnish Buyer with a copy of each material report, schedule or other document filed or received by Seller or its Affiliates with a Governmental Authority with respect to the Acquired Assets during the Interim Period. Notwithstanding the foregoing, and without limiting the generality of the confidentiality provisions set forth in this Agreement, the Confidentiality Agreement or any Related Agreement, Seller shall not be required to provide any information or access to any Facilities (A) which Seller reasonably believes it is prohibited from providing to Buyer by reason of any applicable Law or Permit, (B) which, if provided to Buyer, could constitute a waiver by Seller of the attorney-client privilege in respect of such information, (C) which Seller is required to keep confidential or prevent access to by reason of a Contract with a Third Party, or (D) relating to any potential sale of the Acquired Assets, or any other generating facilities of Seller, to any other Person; *provided, however*, that the Parties will, to the extent legally permissible, reasonably necessary and practicable, use commercially reasonable efforts to make appropriate substitute disclosure arrangements, or seek appropriate waivers or consents, under circumstances in which the foregoing restrictions of this sentence apply.

(b) During the Interim Period, upon reasonable prior request of Buyer and at Buyer's sole cost and expense, Seller will permit designated employees or Representatives of Buyer ("**Buyer's Observers**") to observe all operations of Seller related to the Facilities, with such observation permitted on a cooperative basis in the presence of personnel of Seller during normal daytime business hours of Seller; *provided, however*, that Buyer's Observers shall not unreasonably interfere with the operation of the Facilities by Seller or the other business or operations of Seller or its Affiliates.

(c) Buyer shall not be permitted during the Interim Period to contact any of Seller's vendors, customers or suppliers, or any Governmental Authorities (except, in accordance with Section 5.2 or Section 5.3, in connection with Consents to be obtained in connection with this Agreement or any Related Agreement), regarding the operations or legal status of Seller or with respect to the transactions contemplated under this Agreement or the Related Agreements without receiving prior written authorization from Seller (not to be unreasonably withheld, conditioned or delayed); *provided*, that nothing in this Section 5.4(c) shall be construed to restrict Buyer or its Affiliates from contacting any Person to the extent the subject of such communications is not related to this Agreement or

any Related Agreement, or the transactions contemplated hereby or thereby.

(d) Buyer agrees to indemnify and hold harmless Seller, its Affiliates and their Representatives for any and all Losses incurred by Seller, its Affiliates or their Representatives arising out of any exercise of the access rights under this Section 5.4, including any Claims by any of Buyer's Representatives for any injuries or property damage while present at the Facilities, except in cases of Seller's or its Representatives' gross negligence or willful misconduct.

(e) On or as soon as reasonably practicable after the Closing Date (but in no event more than twenty (20) days thereafter), Seller shall deliver to Buyer all the Transferred Books and Records (to the extent not already located at the Facilities or otherwise Made Available to Buyer on or prior to the Closing), except as prohibited by applicable Law.

(f) Following the Closing, Seller shall be entitled to retain copies (at Seller's sole cost and expense and subject to the confidentiality and non-disclosure obligations set forth herein) of all books and records relating to its ownership or operation of the Acquired Assets and the Assumed Liabilities.

(g) After the Closing, Buyer will, and will cause its Representatives to, provide Seller and its Affiliates, including their respective Representatives, reasonable access to or copies of all books, records, files and documents to the extent they are related to the Acquired Assets or the Assumed Liabilities, and to periods ending prior to the Closing Date in order to permit Seller and its Affiliates and their respective Representatives to prepare and file their Tax Returns and to prepare for and participate in any investigation with respect thereto, to prepare for and participate in any other investigation and defend any Claims relating to or involving Seller or its Affiliates, to discharge its obligations under this Agreement, to comply with financial reporting requirements, and for other reasonable purposes, and will afford Seller and its Affiliates reasonable assistance in connection therewith at no cost to Seller. Buyer will cause such records to be maintained for not less than seven (7) years from the Closing Date and will not dispose of such records without first offering in writing to deliver them to Seller; *provided, however*, that in the event that Buyer transfers all or a portion of the Acquired Assets or the Assumed Liabilities to any Third Person during such period, Buyer may transfer to such Third Person all or a portion of the books, records, files and documents related thereto, *provided* such transferee expressly assumes in writing the obligations of Buyer under this Section 5.4(g).

(h) On and after the Closing Date, (i) at the request of either Party, the other Party shall make available to such requesting Party, its Affiliates and their respective Representatives, those employees of the non-requesting Party or its Affiliates requested by such requesting Party in connection with any Claim, including to provide testimony, to be deposed, to act as witnesses and to assist counsel, and (ii) at the reasonable request of Seller, Seller shall have reasonable access to the Transferred Employees for a period of seven (7) years following the Closing Date, for purposes of consultation or otherwise, to the extent that such access may reasonably be required by Seller in connection with matters relating to or affected by the operations of Seller prior to the Closing; *provided, however*, that, in each case, (x) such access to such employees shall not unreasonably interfere with the normal conduct of the operations of the non-requesting Party, (y) the requesting Party shall pay and reimburse the non-requesting Party for the out-of-pocket costs reasonably incurred by the non-requesting Party in making such employees available, and (z) such assistance shall be provided insofar as the same may be provided without violating any Law or Permit, or waiving any attorney-client privilege, as determined in the reasonable opinion of counsel to the non-requesting Party.

Section 5.5 Conduct of Business Pending the Closing. Except as set forth in Schedule 5.5, during the Interim Period, Seller will operate and maintain the Acquired Assets in the ordinary course of business consistent with Good Utility Practice, unless otherwise contemplated by this Agreement or with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed). Without limiting the generality of the foregoing, except as otherwise expressly contemplated by this Agreement or as set forth in Schedule 5.5, Seller shall not, without the prior written consent of the Buyer (which consent shall not be unreasonably withheld or delayed), during the Interim Period, with respect to the Acquired Assets or Assumed Liabilities:

(a) Except for Acquired Assets used at or consumed by the Facilities in the ordinary course of business consistent with Good Utility Practice, and except for sales or dispositions of obsolete or surplus assets in connection with the normal repair or replacement of assets or properties, (i) sell, lease (as lessor), license (as licensor), transfer or otherwise dispose of any of the Acquired Assets, or (ii) encumber, pledge, mortgage or suffer to be imposed on any of the Acquired Assets any Lien other than Permitted Liens;

(b) Make any material change in the levels of Inventories customarily maintained by the Seller with respect to the Acquired Assets, except for such changes that are consistent with Good Utility Practice;

(c) Terminate, make any waiver under, extend, materially amend, or renew or replace any Material Contract, Assigned Lease or Transferable Permit other than in the ordinary course of business consistent with Good Utility Practice, or as may be required or permitted to implement another provision of this Section 5.5, pursuant to Section 5.2(e) or Section 5.3 or otherwise in connection with transferring Seller's rights or obligations thereunder to the Buyer pursuant to this Agreement; *provided* that, during the Interim Period, and subject to Section 5.15, Schedule 2.1(b), Schedule 2.1(e), Schedule 3.5(b) and Schedule 3.11(a), as appropriate, shall be

amended to account for any matter permitted under this Section 5.5(c);

(d) Enter into any Contract relating to the ownership or operation of the Acquired Assets, except for any Contract (i) entered into in the ordinary course of business that will be terminated or fully performed prior to the Closing (without assignment to, or any continuing Liability of, Buyer on or after the Closing), (ii) that can be freely assigned to Buyer at the Closing and terminated by Buyer at its option at any time on or after the Closing without penalty or cancellation charge, (iii) that can be freely assigned to Buyer at the Closing and that does not increase an Assumed Liability or which increases an Assumed Liability by an amount of Three Hundred Thousand Dollars (\$300,000) or less individually or One Million Dollars (\$1,000,000) or less in the aggregate with other such Contracts, or (iv) as may be required or permitted pursuant to Section 5.3 or to implement another provision of this Section 5.5, so long as such Contract can be freely assigned to Buyer at the Closing; *provided* that, during the Interim Period, Schedule 2.1(e) shall be amended to account for any Contract permitted under this Section 5.5(d);

(e) Enter into, amend, or otherwise modify any real or personal property Tax agreement, treaty or settlement that would reasonably be expected to affect the Tax Liabilities of Buyer or any of its Affiliates in a material manner for any taxable year or period ending after the Closing Date;

(f) Make, or enter into any Contractual commitment to make, any capital expenditures relating to the Acquired Assets, Facilities or Sites, except for those capital expenditures or commitments necessitated by Good Utility Practice;

(g) Materially increase the level of wages, compensation or other benefits of any Scheduled Employee, except as required pursuant to the Generation CBA or applicable Law or in accordance with Seller's ordinary course of business consistent with past practices;

(h) Terminate the employment of any Scheduled Employee except for cause, or hire any employee who would be a Scheduled Employee (other than to replace or fill vacancies on compensation and other terms substantially similar to those paid by Seller for any replaced employee), in each case, without first consulting with Buyer; *provided*, that, during the Interim Period, Schedule 3.12(a) shall be amended to reflect any changes in the Scheduled Employees listed thereon that are permitted under this Section 5.5(h); or

(i) Except for amendments which do not result in any increased liability by Buyer following the Closing or as required by Law, agree to any amendment to or waiver of any term of the Generation CBA, or enter into any new collective bargaining agreement with respect to any Scheduled Employees.

Notwithstanding anything to the contrary herein, Seller may take commercially reasonable actions with respect to emergency situations or as required by Law as reasonably determined by Seller and without Buyer's prior written consent, so long as Seller shall promptly inform Buyer upon taking any such action; *provided*, that Seller shall notify Buyer of any such actions as soon as reasonably practicable; *provided*, further, that the taking of such actions in an emergency that would otherwise be prohibited hereunder shall not be deemed to cure any breach of this Agreement (other than a breach of Section 5.5 resulting from the taking of such action).

Section 5.6 Termination of Certain Services and Contracts; Transition Matters.

(a) Notwithstanding anything in this Agreement to the contrary, at or prior to the Closing, Seller shall (i) terminate, effective upon the Closing, any services provided to any of the Facilities or with respect to the Acquired Assets by Seller, or by any Affiliate thereof under an Intercompany Arrangement, including the termination or severance of insurance policies with respect to coverage for any of the Facilities, Tax services, legal services and banking services (to include the severance of any centralized clearance accounts), other than any such services provided pursuant to the Transition Services Agreement and other than with respect to those Assigned Contracts set forth on Schedule 2.2(j) and (ii) terminate each Contract requested by Buyer within thirty (30) days after the date hereof or such later date as may be requested by Buyer and agreed to by Seller (which such terminations shall be provided so long as Seller will not incur any Liability from and after the Closing Date as a result of such termination) (such services or Contracts collectively, the "**Terminated Contracts**"). For avoidance of doubt, Buyer acknowledges and agrees that all insurance coverage with respect to the Acquired Assets, including those policies referred to in Section 3.9, shall be terminated as of the Closing, and that Buyer shall be solely responsible for providing insurance in respect of the Acquired Assets and for any claims made in connection with such insurance policies after the Closing regardless of when the event or occurrence relating to any claim arose.

(b) At the request of Buyer, at the Closing, Seller shall, and shall cause Eversource Services to, enter into an agreement with Buyer to provide, following Closing, those transition services respecting the Acquired Assets that are reasonably agreed upon by Buyer and Seller at a price equal to the applicable Transition Service Cost Percentage of cost (as allocated in accordance with the same methodologies used for such allocations by Seller and its Affiliates in accordance with past practice) and in accordance with the other terms and conditions set forth therein (the "**Transition Services Agreement**"). The Parties will agree upon any remaining terms and conditions of the Transition Services Agreement in a commercially reasonable manner as soon as practicable

after the date hereof and in any event within sixty (60) days of the date hereof.

(c) Within thirty (30) days after the date hereof, Buyer shall deliver to Seller a list of its proposed representatives to a joint transition team. Seller will add its representatives to such team within ten (10) Business Days after receipt of Buyer's list. Such team will be responsible for preparing as soon as reasonably practicable after the date hereof, and using commercially reasonable efforts to timely implement, a transition plan which will identify and describe substantially all of the various transition activities that the Parties will cause to occur before and after the Closing and any other transfer of control matters that any Party reasonably believes should be addressed in such transition plan. Buyer and Seller shall use commercially reasonable efforts to cause their representatives on such transition team to cooperate in good faith and take reasonable steps necessary to develop a mutually acceptable transition plan no later than sixty (60) days after the date of this Agreement.

Section 5.7 Seller Marks. Buyer acknowledges and agrees that as a result of the consummation of the transactions contemplated by this Agreement, it will not obtain any right, title, interest, license or other right hereunder to use any of the Seller Marks. Prior to the Closing, Seller may remove any of the Seller Marks as it determines in its sole discretion. As soon as reasonably practicable but in no event more than sixty (60) days after the Closing Date, Buyer shall dispose of any unused products, materials, stationery and literature bearing the Seller Marks remaining at the Facilities following the Closing. Following the Closing, upon reasonable prior written notice and at mutually agreed upon reasonable times, Buyer shall allow Seller, at Seller's cost, to remove, cover or conceal the Seller Marks appearing on signage at the primary entrances of the Facilities; provided, however, Seller agrees to indemnify and hold harmless Buyer, its Affiliates and their Representatives for any and all Losses incurred by Buyer, its Affiliates or their Representatives arising out of any exercise of the access rights under this Section 5.7, including any Claims by any of Seller's Representatives for any injuries or property damage while present at the Facilities, except in cases of Buyer's or its Representatives' gross negligence or willful misconduct. Thereafter, Buyer shall not use any Seller Mark or any name or term confusingly similar to any Seller Mark in connection with the sale of any products or services, in the corporate or doing business name of any of its Affiliates or otherwise in the conduct of its or any of its Affiliates' businesses or operations; provided, however that Buyer shall not be in violation of this Section 5.7 to the extent such violation results from Seller's failure to remove all Seller Marks at the Facilities. In the event that Buyer breaches this Section 5.7, Seller shall be entitled to specific performance of this Section 5.7 and to injunctive relief against further violations, as well as any other remedies at law or in equity available to Seller.

Section 5.8 Employee Matters.

(a) Settlement Agreement. The Parties acknowledge and agree that under New Hampshire Law (New Hampshire RSA 369-B:3-b) and the Settlement Agreement, affected employees are entitled to certain employee protections that apply in connection with the transactions contemplated hereby, including provisions requiring that Buyer undertake certain employee-related obligations as a condition to the consummation of the transactions contemplated hereby. The Parties acknowledge and agree that the covenants and agreements set forth in this Section 5.8 are intended to implement the applicable employee protection provisions and requirements set forth under New Hampshire Law and in the Settlement Agreement and shall be interpreted consistently therewith.

(b) Represented Transferred Employees.

(i) Schedule 5.8(b)(i) sets forth the total number of Represented Scheduled Employees (including all such Represented Scheduled Employees who are on inactive status due to any short-term disability, long-term disability or other approved leave) employed in each job classification as of the Effective Date. Within fifteen (15) days following the Effective Date, Buyer shall provide notice to Seller of the number of Represented Scheduled Employees by classification and facility which Buyer desires to retain. The Parties shall cooperate in good faith with the Union to identify, within thirty (30) days after receipt of Buyer's notice, in accordance with the applicable provisions of the Generation CBA and the Settlement Agreement, the particular Represented Scheduled Employees to whom Buyer shall offer employment pursuant to the terms of this Section 5.8 (the "**Selected Represented Employees**"). Within sixty (60) days following the Effective Date, Buyer shall offer employment, commencing as of 12:01 a.m. Eastern time on the Closing Date, to all such Selected Represented Employees.

(ii) All such offers of employment shall be made in accordance with applicable Laws, the Generation CBA and the Settlement Agreement, and otherwise on terms consistent with the provisions of this Section 5.8. Those employees who accept such offer of employment are referred to herein as the "**Represented Transferred Employees**." Buyer shall, as soon as reasonably practicable and in no event more than fifteen (15) Business Days following the Effective Date, provide notice to the Union (i) that Buyer recognizes the Union, as of the Closing, as the collective bargaining representative for all Represented Transferred Employees, (ii) that Buyer agrees to become party to and bound by the terms of the Generation CBA and to assume Seller's obligations with respect to the Represented Transferred Employees thereunder, and (iii) that describes Buyer's plans regarding staffing by classification and operations of the Facilities, as required by the Generation CBA.

(iii) On and after the Closing, Buyer shall comply with all applicable obligations under the Generation CBA with respect to the Represented Transferred Employees covered thereby.

(c) Non-Represented Transferred Employees.

(i) Within forty-five (45) days following the Effective Date, Buyer shall offer employment to those Non-Represented Scheduled Employees set forth on Schedule 5.8(c)(i) whom Buyer desires to employ commencing as of 12:01 a.m. Eastern time on the Closing Date (the “**Selected Non-Represented Employees**”). All such offers of employment shall be made in accordance with applicable Laws and otherwise on terms consistent with the provisions of this Section 5.8. Those Selected Non-Represented Employees who accept such offer of employment are referred to herein as the “**Non-Represented Transferred Employees**.”

(ii) The Parties acknowledge and agree that, pursuant to the Settlement Agreement and New Hampshire RSA 369-B:3-b, the Non-Represented Transferred Employees are entitled to employee protections no less than those set forth in the Generation CBA with respect to the Represented Transferred Employees. As required by the Settlement Agreement, Buyer shall, from and after Closing, assume and comply with those employee protection obligations to the Non-Represented Transferred Employees required by New Hampshire RSA 369-B:3-b.

(iii) Continuing from Closing through no sooner than the end of the CBA Term, Buyer shall maintain an overall benefit package for the Non-Represented Transferred Employees at least as favorable as the overall benefit package provided to each such Non-Represented Transferred Employee immediately prior to the Closing.

(d) Service Credit. Buyer shall recognize and apply each Transferred Employee’s prior service with Seller toward any eligibility, vesting, accrual and benefit calculation purposes under the Employee Benefits Plans and other compensation arrangements of Buyer, including Buyer’s Pension Plan and any other plans established to provide benefits described in the Generation CBA and/or in Seller’s policies and plans applicable to Non-Represented Transferred Employees. Buyer shall vest each Transferred Employee under the Employee Benefits Plans of Buyer to the extent such employee is vested under the Employee Benefits Plans of Seller (or its applicable Affiliates) immediately prior to the Closing. Buyer shall waive all limitations with respect to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements under Buyer’s health and welfare plans under Seller’s (or its applicable Affiliates’) comparable plans in which such Transferred Employee participates. Within a reasonable time prior to the Closing Date, Seller shall, subject to applicable Law, provide Buyer with such pertinent data or information as Buyer shall reasonably require to determine each Transferred Employee’s service, eligibility, vesting, accrued benefits and other relevant information under the Employee Benefits Plans of Seller or its applicable Affiliates (including Seller’s Pension Plan).

(e) Pension and Retirement Benefits.

(i) Defined Benefit Pension Plan Participants.

(A) As soon as practicable after the Effective Date, Buyer shall take all necessary and appropriate action to establish and maintain a tax qualified defined benefit or defined contribution plan (“**Buyer’s Pension Plan**”) for Transferred Employees who participate in Seller’s defined benefit pension plan in accordance with the provisions of this Section 5.8(e).

(B) For purposes of this Section 5.8(e)(i), the term “**Combined Minimum Pension Benefit**” means, for any such Transferred Employee, the Transferred Employee’s total pension benefit as calculated as of the earlier of (i) such Transferred Employee’s retirement date and (ii) the end of the CBA Term, using (A) the pension benefit formula under the Eversource Pension Plan (“**Seller’s Pension Plan**”) applicable to such Transferred Employee as of the Closing Date, (B) such Transferred Employee’s final average earnings (as specified in Seller’s Pension Plan) as of the earlier of (i) such Transferred Employee’s retirement date and (ii) the end of the CBA Term,, taking into account compensation earned from both Seller and Buyer, (C) such Transferred Employee’s total years of service with both Seller (or its applicable Affiliates and predecessors) and Buyer as of the earlier of (i) such Transferred Employee’s retirement date and (ii) the end of the CBA Term, and (D) covered compensation as of the earlier of (i) such Transferred Employee’s retirement date and (ii) the end of the CBA Term.

(C) For purposes of this Section 5.8(e)(i), the term “**Accrued Pension Benefit**” means, for any such Transferred Employee, the pension benefit payable to such Transferred Employee under Seller’s Pension Plan at such Transferred Employee’s retirement, which shall be calculated based upon (A) the pension benefit formula under the Seller’s Pension Plan applicable to such Transferred Employee as of the Closing Date, (B) such Transferred Employee’s years of credited service with Seller (or its applicable Affiliates) as of the Closing Date, (C) such Transferred Employee’s final average earnings (as specified in the Seller’s Pension Plan) as of the Closing Date, and (D) such Transferred Employee’s covered compensation as of the Closing Date.

(D) Upon such Transferred Employee’s retirement date, Seller (or its Affiliates) shall provide each such

Transferred Employee with a vested and non-forfeitable right to a pension benefit equal to such Transferred Employee's Accrued Pension Benefit.

(E) On and after Closing, and continuing through no sooner than the end of the CBA Term, Buyer shall provide each such Transferred Employee with a pension benefit under Buyer's Pension Plan equal to or exceeding the difference between such Transferred Employee's Combined Minimum Pension Benefit and such Transferred Employee's Accrued Pension Benefit (the "**Buyer Pension Benefit**"). Such Buyer Pension Benefit must be guaranteed to each Transferred Employee and protected from forfeiture to no less extent than an ERISA plan benefit. If any such Transferred Employee's Buyer Pension Benefit should be subject to Social Security and Medicare Taxes that do not apply to ERISA pension benefits, Buyer shall "gross up" such Buyer Pension Benefit to offset such additional Tax liability to the applicable Transferred Employee.

(F) On and after Closing, and continuing through no sooner than the end of the CBA Term, in the event that any such Transferred Employee (A) is involuntarily separated from employment as a result of layoff from Buyer (or any of its Affiliates) and (B) at the time of Closing (x) is age 50-54 and (y) whose age plus credited service equal or exceed 65 years, then such Transferred Employees shall be provided those pension and other retirement benefits described in Schedule 5.8(e)(i)(F).

(ii) Contributory Retirement Plan Participants.

(A) As soon as practicable after the Effective Date, Buyer shall take all necessary and appropriate action to establish and maintain a tax qualified contributory retirement plan ("**Buyer's Contributory Plan**") for the Transferred Employees who participate in Seller's "K-Vantage" contributory retirement plan in accordance with the provisions of this Section 5.8(e)(ii).

(B) On and after Closing and through the end of the CBA Term, Buyer (or its Affiliates) shall provide each Transferred Employee with contributions to Buyer's Contributory Plan in an amount no less than the amount such Transferred Employee would have received under Seller's "K-Vantage" contributory retirement plan, as set forth in Schedule 5.8(e)(ii)(B).

(f) Transition Matters. Effective as of the Closing, the Transferred Employees shall cease active participation in all Employee Benefit Plans of Seller (or its applicable Affiliates). Seller (or its applicable Affiliates) shall pay, in accordance with Seller's customary practice, to all Transferred Employees all accrued salary or wages, including overtime, vacation pay or other benefits to which they are entitled under the Employee Benefit Plans of Seller (or its applicable Affiliates) as of immediately prior to the Closing. Buyer and Seller intend that the transactions contemplated by this Agreement should not constitute a separation, termination or severance of employment of any Transferred Employee for purposes of any Employee Benefit Plan that provides for separation, termination or severance benefits, and that each such Transferred Employee will have continuous employment immediately before and immediately after the Closing. All Liability and Claims relating to the employment and compensation of any Transferred Employee on and after the Closing shall be the sole responsibility of Buyer, and Buyer agrees to indemnify and hold harmless Seller, its Affiliates and their Representatives for any and all Losses incurred by Seller, its Affiliates or their Representatives arising out of or related to Buyer's (or its Affiliate's) employment of any Transferred Employee following the Closing.

(g) Severance Benefits. Any Transferred Employee who is terminated as a result of a reduction in force or change in operational practices prior to the end of the CBA Term will be entitled to the benefits set forth in Schedule 5.8(g) from Buyer.

(h) WARN Act; Restructuring Activities. Seller agrees to timely perform and discharge all requirements under the WARN Act and under applicable state and local Laws for the notification of its and its Affiliates' employees arising from the sale of the Acquired Assets to Buyer up to and including the Closing Date, including those employees who will become Transferred Employees effective as of the Closing Date. After the Closing Date, Buyer shall be responsible for performing and discharging all requirements under the WARN Act and under applicable state and local Laws for the notification of its employees, whether Transferred Employees or otherwise. All severance and other costs (other than in respect of any Accrued Pension Benefits) associated with workforce restructuring activities associated with the Transferred Employees subsequent to the Closing Date shall be borne solely by Buyer.

(i) Successors and Assigns. Notwithstanding anything herein to the contrary, the agreements and obligations of Buyer set forth in this Section 5.8 shall be binding upon and enforceable against any successor or assign or any other entity acquirer of Buyer, whether by sale, transfer, merger, acquisition or otherwise. Buyer shall make it a condition of any such sale, transfer, merger, acquisition or other transaction or event that any such successor or assign or other entity acquirer shall be bound by the terms of this Section 5.8.

(j) Notwithstanding anything to the contrary herein, except for Buyer's obligations in respect of the Buyer Pension Benefit and the Buyer's Contribution Plan which are set forth in Section 5.8(e)(i) and Section 5.8(e)(ii), respectively, and Buyer's obligations in respect of severance benefits as set forth in Section 5.8(g), Buyer shall have no obligation to provide any other post-employment benefits to any Transferred Employee and to the extent any obligations to provide any such post-employment benefits are owing to Transferred Employees, including without limitation in respect of retiree health benefits or contributions, Seller shall provide any such benefits and shall be solely responsible for any obligations associated therewith.

Section 5.9 ISO-NE and NEPOOL Matters.

(a) At the Closing, Buyer shall be a member in good standing in NEPOOL. Except as required to preserve system reliability and in compliance with the requirements of the ISO-NE or NEPOOL, and as may be otherwise provided in any Related Agreement, following Closing, Seller shall not, directly or indirectly, interfere with Buyer's efforts to expand or modify generation capacity at any of the Sites.

(b) Not less than five (5) Business Days prior to the Closing Date, Buyer shall initiate, and Seller shall confirm, with ISO-NE Buyer's acquisition of the Facilities from Seller, to be effective as of the Closing Date, pursuant to the CAMS User Guide for Company and Affiliate Maintenance, Version 1.4, Section 2.3.15, Asset Ownership Share Transfers. In the event that ISO-NE (or NEPOOL) does not recognize until after the Closing Buyer's acquisition of the Facilities as of the Closing Date (or recognizes such acquisition effective as of any date other than the Closing Date), the Parties agree that (i) any proceeds received by Seller or its Affiliates from ISO-NE (or NEPOOL) after Closing relating to Buyer's ownership of the Facilities on and after the Closing Date shall be promptly paid over to Buyer, and (ii) any proceeds received by Buyer or its Affiliates from ISO-NE (or NEPOOL) after Closing relating to Seller's ownership of the Facilities prior to the Closing Date shall be promptly paid over to Seller. The Parties further agree that (x) any amounts received by Buyer or its Affiliates from ISO-NE after the Closing respecting the Facilities, to the extent attributable to any period prior to the Closing, including (A) ISO-NE Winter Reliability Program revenues attributable to any period prior to the Closing, and (B) ISO-NE Forward Capacity Market capacity payments attributable to any period prior to the Closing, shall be promptly paid over to Seller; and (y) any amounts received by Seller or its Affiliates from ISO-NE after Closing respecting the Facilities, to the extent attributable to any period on and after the Closing, including (A) ISO-NE Winter Reliability Program revenues attributable to any period on and after the Closing and (B) ISO-NE Forward Capacity Market capacity payments attributable to any period on and after the Closing, shall be promptly paid over to Buyer. Any payment required to be made by a Party pursuant to this Section 5.9(b) shall be made to the other Party by wire transfer of immediately available funds to the account designated in writing by such other Party.

Section 5.10 Post-Closing Operations. As required by the Settlement Agreement, Buyer hereby covenants and agrees that Buyer shall (and shall cause any successor or assign of Buyer to) cause the Facilities to remain in service for a minimum of eighteen (18) months following the Closing Date.

Section 5.11 Discharge of Environmental Liabilities. On and after the Closing Date, with respect to Environmental Liabilities which constitute Excluded Environmental Liabilities, Buyer will use commercially reasonable efforts not to prejudice or impair Seller's rights under the Environmental Laws or interfere with Seller's ability to contest in appropriate administrative, judicial or other proceedings its Liability, if any, for Environmental Claims or Remediation. To the extent relevant to those Environmental Liabilities which constitute Excluded Liabilities, (a) Buyer further agrees to provide to Seller draft copies of all plans and studies prepared in connection with any Site investigation or Remediation prior to their submission to the Governmental Authority with jurisdiction under Environmental Laws, (b) Seller shall have the right, without the obligation, to attend all meetings between Buyer, its Representatives, and such Governmental Authorities, and (c) Buyer shall promptly provide to Seller copies of all written information, plans, documents and material correspondence submitted to or received from such Governmental Authorities relating to Buyer's discharge of any Environmental Liabilities assumed pursuant to this Agreement.

Section 5.12 Transfer Taxes. Notwithstanding any other provision of this Agreement to the contrary, Buyer and Seller shall in good faith determine the amount and at Closing each pay fifty percent (50%) of all Transfer Taxes that may be imposed upon, or payable, collectible or incurred in connection with the transfer of the Acquired Assets to Buyer or otherwise in connection with the transactions contemplated by this Agreement and the Related Agreements. Accordingly, if Seller is required by Law to pay any such Transfer Taxes, Buyer shall reimburse Seller such that Buyer bears fifty percent (50%) of such Transfer Taxes. Buyer shall, at its own expense, prepare and timely file all Tax Returns relating to any such Transfer Tax (and Seller shall cooperate with respect thereto as reasonably necessary, including by preparing, executing and providing its Tax Return to Buyer, or by joining in the execution of any such Tax Returns if required by applicable Law), shall notify Seller when such filings have been made and shall provide Seller with copies thereof.

Section 5.13 Tax Matters. Except as provided in Section 5.12 relating to Transfer Taxes:

(a) With respect to Taxes to be prorated in accordance with Section 2.7 of this Agreement, Buyer shall prepare and

timely file all Tax Returns required to be filed after the Closing with respect to the Acquired Assets, if any, and Buyer shall duly and timely pay all such Taxes shown to be due on such Tax Returns (or shall reimburse Seller for any such Taxes paid by Seller). Buyer's preparation of any such Tax Returns shall be subject to Seller's review and comment, and Buyer shall consider in good faith any comments received from Seller. No later than twenty (20) Business Days prior to the due date of any such Tax Return, Buyer shall make such Tax Return available for Seller's review and comment. Buyer shall respond no later than five (5) Business Days prior to the due date for filing such Tax Return. Without the prior written consent of Seller, Buyer will not (i) file or amend any Tax Return relating to any taxable period ending on or prior to the Closing Date, or to any taxable period beginning before the Closing Date and ending after the Closing Date, or any portion thereof or (ii) extend or waive, or cause to be extended or waived, any statute of limitations or other period for the assessment of any Tax or deficiency related to any such taxable period (or portion thereof).

(b) Whenever any Taxing Authority asserts a claim, makes an assessment, or otherwise disputes the amount of Taxes relating to any taxable period ending on or prior to the Closing Date, or to any taxable period beginning before the Closing Date and ending after the Closing Date, or any portion thereof, Buyer shall, upon receipt of such assertion, promptly, but no later than thirty (30) days thereafter, inform Seller in writing of such assertion. With respect to proceedings that relate solely to Taxes that represent Excluded Liabilities and to any proceedings described on Schedule 3.10, Seller shall have the sole right to control any such proceedings and to determine whether and when to settle any such claim, assessment or dispute; *provided, however*, that Seller shall not settle any Tax controversies in a manner that would reasonably be expected to affect the Tax Liabilities of Buyer or any of its Affiliates in a material manner for any taxable year or period ending after the Closing Date without the prior written consent of Buyer. With respect to proceedings that relate to Taxes that represent Assumed Liabilities, Buyer shall have the sole right to control any such proceedings and determine whether and when to settle any such claim, assessment or dispute; *provided, however*, that Buyer shall not settle any Tax controversies in a manner that would reasonably be expected to affect the Tax Liabilities of Seller or any of its Affiliates in a material manner for any taxable year or period without the prior written consent of Seller. Each of Buyer and Seller shall provide the other with such assistance and cooperation as may reasonably be requested by the other Party in connection with the preparation of any Tax Return, any audit or other examination by any Taxing Authority, or any judicial or administrative proceedings relating to Liability for Taxes. Such assistance and cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and each will retain and provide the requesting Party with any records or information until the expiration of the statute of limitations (and, to the extent notified by the other Party, any extensions thereof) of the respective taxable periods which may be relevant to such Tax Return, audit or examination, proceedings or determination.

Section 5.14 Further Assurances. At any time and from time to time after the Closing, at the reasonable request of a Party and without further consideration, the other Party will or will cause its Affiliates to execute and deliver such instruments of sale, transfer, conveyance, assignment, assumption and confirmation and take such actions as the Parties may reasonably agree are necessary to transfer, convey and assign to Buyer, and to confirm Buyer's title to or interest in the Acquired Assets and assumption of and obligation with respect to the Assumed Liabilities, to put Buyer in actual possession and operating control of the Acquired Assets, and otherwise to consummate and give effect to the transactions contemplated by this Agreement. For avoidance of doubt, in the event that any asset that is an Acquired Asset shall not have been conveyed to Buyer at the Closing, Seller shall, subject to Section 5.3, use its commercially reasonable efforts to convey such asset to Buyer as promptly as is practicable after the Closing.

Section 5.15 Schedule Updates. From time to time during the Interim Period, Seller may supplement or amend and deliver updates to the Schedules with respect to any changes or events occurring or conditions arising after the Effective Date, including such supplements or amendments to Schedules expressly permitted or required herein (each, a "**Schedule Update**"). In the event that any Schedule Update discloses any such change, event or condition that would prevent the Seller from satisfying the condition set forth in Section 6.1(a), then either (A) Seller shall have a reasonable opportunity to cure such fact or circumstance or (B) if Seller determines that such fact or circumstance is incapable of cure by Seller by the Outside Date, Seller shall promptly notify Buyer of such determination, and then within five (5) Business Days of such determination, Buyer and Seller shall in good faith seek to quantify the amount of Losses relating to such fact or circumstance that Buyer would reasonably be expected to suffer as a result thereof. In the event the Buyer and Seller are unable to agree as to the amount of Losses resulting from such fact or circumstance, such matter shall be referred to the Independent Accountant for final determination. The amount of any such Losses finally determined (whether by agreement of the parties or by the Independent Accountant) shall result in a dollar for dollar reduction to the Base Purchase Price payable by Buyer at the Closing, provided, that if the amount of such Losses are equal to or greater than ten percent (10%) of the Base Purchase Price, either Seller or Buyer may, in their discretion, elect to terminate this Agreement in lieu of accepting a reduction to the Base Purchase Price by delivering a written termination notice to the other Party. If, pursuant to this Section 5.15, either Seller cures such fact or circumstance, or the amount of Losses is finally determined (and, if applicable, neither Seller nor Buyer exercises any termination right pursuant to the previous sentence), then the Schedule Update relating to such fact or circumstance shall be deemed to be part of the Schedules for purposes of determining whether Seller has satisfied the condition set forth in Section 6.1(a). In the event that Seller provides a Schedule Update, Seller shall also promptly provide any additional information relating thereto as Buyer may reasonably request.

Section 5.16 Casualty. If any Acquired Asset is damaged or destroyed by a casualty loss during the Interim Period (a “**Casualty Loss**”), and the cost of restoring such damaged or destroyed Acquired Asset to a condition reasonably comparable to its prior condition inclusive of a reasonable estimate of the likely business interruption cost associated with such event (assuming commercially reasonable efforts are undertaken to remediate such casualty event) (such costs with respect to any Acquired Asset, the “**Restoration Cost**”) does not exceed ten percent (10%) of the Base Purchase Price, Seller may elect, by written notice to Buyer provided within sixty (60) days of the applicable Casualty Loss, to either (a) reduce the amount of the Purchase Price by the estimated Restoration Cost (as estimated by a qualified firm mutually selected by Buyer and Seller as promptly as practicable after the date of the event giving rise to the Casualty Loss) or (b) restore such damaged or destroyed Acquired Asset at Seller’s expense at any time prior to the Outside Date to a condition reasonably comparable to its condition prior to such Casualty Loss, and in either event such Casualty Loss shall not affect the Closing; *provided*, that in the event Seller elects to restore such damaged or destroyed Acquired Asset pursuant to the foregoing clause (b), Seller shall have the option, exercisable by delivering written notice to Buyer, to extend the Outside Date by an additional period of up to ninety (90) days after the original Outside Date set forth in Section 8.1(a) to the extent additional time is needed to complete such restoration. If Seller does not make an election as set forth in the preceding sentence within such sixty (60) day period following the Casualty Loss, Seller shall be deemed to have elected to reduce the amount of the Purchase Price by the estimated Restoration Cost as provided above. If the Restoration Cost exceeds ten percent (10%) of the Base Purchase Price, Buyer may elect, by written notice to Seller provided within sixty (60) days of the applicable Casualty Loss, to either (i) reduce the amount of the Purchase Price by the estimated Restoration Cost (as estimated by a qualified firm mutually selected by Buyer and Seller as promptly as practicable after the date of the event giving rise to the Casualty Loss) or (ii) terminate this Agreement. If Buyer does not make an election as set forth in the preceding sentence within such sixty (60) day period following the Casualty Loss, Seller may elect to terminate this Agreement by written notice to Buyer delivered within ten (10) days thereafter. In the event Seller elects to restore such damaged or destroyed Acquired Asset or to reduce the amount of the Purchase Price by the estimated Restoration Cost pursuant to this Section 5.16, (A) for avoidance of doubt, Buyer shall have no rights to any insurance proceeds related thereto, to which Seller shall be solely entitled, and (B) on or after the Closing, Buyer will, at Seller’s written election, assign to Seller the rights, if any, to any contribution available under any long term service agreement or other Contract included in the Acquired Assets, as and to the extent relating to the applicable Casualty Loss, and, to the extent that Buyer receives any proceeds or other compensation associated with any such Casualty Loss, Buyer shall cause the amount of such proceeds or compensation to be paid over to Seller promptly upon receipt.

Section 5.17 Condemnation. If any Acquired Assets are taken by condemnation during the Interim Period and such Acquired Assets have a condemnation value (the “**Condemnation Value**”) that does not exceed ten percent (10%) of the Base Purchase Price, the Purchase Price shall be reduced by such Condemnation Value and such condemnation shall not affect the Closing. If the Condemnation Value exceeds ten percent (10%) of the Base Purchase Price, Buyer may elect, by written notice to Seller provided within sixty (60) days of the applicable Condemnation Event, to either reduce the Purchase Price by such Condemnation Value or terminate this Agreement. If Buyer does not make such an election within such sixty (60) day period, Seller may elect to terminate this Agreement by written notice to Buyer delivered within ten (10) days thereafter. To the extent the amount of the Purchase Price is reduced by the Condemnation Value pursuant to this Section 5.17, (A) for avoidance of doubt, Buyer shall have no rights to any condemnation award or insurance proceeds related thereto, to which Seller shall be solely entitled, and (B) Buyer shall, to the extent that it receives any award, proceeds or other compensation associated with any such condemnation event on or after Closing, cause the amount of such award, proceeds or compensation to be paid over to Seller promptly upon receipt.

Section 5.18 Confidentiality. Buyer acknowledges and agrees that the Confidentiality Agreement remains in full force and effect and, in addition, covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreement, information provided to Buyer pursuant to this Agreement (including this Agreement and the Exhibits and Schedules hereto); *provided*, that from and after Closing, Buyer shall not have any obligation to maintain the confidentiality of information with respect to the Acquired Assets, but Buyer’s confidentiality obligations under the Confidentiality Agreement (including with respect to information concerning Seller and its Affiliates) shall otherwise continue. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement and the provisions of this Section 5.18 shall nonetheless continue in full force and effect. From and after the Closing, Seller agrees to keep all non-public information relating to Buyer or the Acquired Assets (including to the extent contained in any copy of the Transferred Books and Records maintained by Seller) confidential and not to disclose such information without Buyer’s written consent (unless required by Law or Order).

Section 5.19 Public Announcements. Except as otherwise expressly provided herein, each Party shall, and shall cause its Affiliates (as applicable) to, consult with the other Party regarding the timing and content of any public announcements regarding this Agreement, the Closing and the other transactions contemplated by this Agreement to the news media, financial community, any Governmental Authority, customers, suppliers or the general public. Except as otherwise provided herein, no Party or its Affiliates shall make any such public announcement without the prior written consent of the other Party, unless any such disclosure is otherwise required by Law or by the rules of a national securities exchange (in which case such Party will provide to the other Party reasonable advance notice of and an opportunity to review any such disclosure).

Section 5.20 ARCO ROFR. As promptly as practicable following the Effective Date, Seller shall comply with the ARCO

ROFR requirements set forth in Article VII of the ARCO By-Laws, and shall promptly notify Buyer in the event that ARCO or any of its stockholders exercises its right to purchase the ARCO Shares in accordance with the ARCO ROFR. Upon the exercise of such right by ARCO or any of its stockholders, (a) Seller shall not be required to sell, and Buyer shall not be required to purchase, the ARCO Shares pursuant to this Agreement, the ARCO Shares shall cease to be included as an Acquired Asset hereunder, and any provisions of this Agreement relating to the ARCO Shares shall be deemed of no further force and effect, (b) the Purchase Price shall automatically be deemed to be reduced by the amount allocated to the ARCO Shares on Schedule 2.8(b), (c) except as set forth in the foregoing, the remaining provisions of this Agreement shall continue in full force and effect in all respects, and (d) the removal of the ARCO Shares from the transactions contemplated hereby as contemplated by this Section 5.20 shall not be deemed a breach or default of this Agreement in any event.

Section 5.21 Exclusivity. From and after the Effective Date, Seller agrees not to engage in any discussions or negotiations concerning any potential sale of the Acquired Assets to any party other than Buyer.

ARTICLE VI CONDITIONS TO CLOSING

Section 6.1 Buyer's Conditions to Closing. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the fulfillment, at or prior to Closing, of each of the following conditions (except to the extent waived in writing by Buyer):

(a) Representations and Warranties. (i) The representations and warranties made by Seller in ARTICLE III that are not qualified by "materiality," "Material Adverse Effect" or similar qualifiers shall be true and correct in all material respects on the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date) and (ii) the representations and warranties made by Seller in ARTICLE III that are qualified by "materiality," "Material Adverse Effect" or similar qualifiers shall be true and correct on the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date).

(b) Performance. Seller shall have performed and complied, in all material respects, with all agreements, covenants and obligations required by this Agreement to be performed or complied with by Seller at or before the Closing.

(c) Officer's Certificate. Seller shall have delivered to Buyer at the Closing a certificate of an authorized officer of Seller, dated as of the Closing Date, stating that the conditions set forth in Section 6.1(a) and Section 6.1(b) have been satisfied.

(d) Consents. The Seller Required Consents and the Buyer Required Consents marked with an asterisk on Schedule 3.3 and Schedule 4.3(c) shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Authority with respect thereto (including under the HSR Act, if applicable) shall have occurred.

(e) No Injunctions. On the Closing Date, there shall be no Laws or Orders in effect that operate to restrain, enjoin or otherwise prevent or make illegal the consummation of the transactions contemplated by this Agreement.

(f) Deliveries. Seller shall have delivered or shall stand ready to deliver all of the certificates, instruments, agreements, documents and other items specified to be delivered by it hereunder, including pursuant to Section 2.10.

(g) Material Adverse Effect. No Material Adverse Effect shall have occurred.

Section 6.2 Seller's Conditions to Closing. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the fulfillment, at or prior to Closing, of each of the following conditions (except to the extent waived in writing by Seller):

(a) Representations and Warranties. (i) The representations and warranties made by Buyer in ARTICLE IV that are not qualified by "materiality," "Material Adverse Effect" or similar qualifiers shall be true and correct in all material respects on the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date) and (ii) the representations and warranties made by Buyer in ARTICLE IV that are qualified by "materiality," "Material Adverse Effect" or similar qualifiers shall be true and correct on the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date).

(b) Performance. Buyer shall have performed and complied, in all material respects, with all agreements, covenants and obligations required by this Agreement to be performed or complied with by Buyer at or before the Closing.

(c) Officer's Certificate. Buyer shall have delivered to Seller at the Closing a certificate of an authorized officer of Buyer, dated as of the Closing Date, stating that the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied.

(d) Consents. The Seller Required Consents and the Buyer Required Consents marked with an asterisk on Schedule 3.3 and Schedule 4.3(c) shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Authority with respect thereto (including under the HSR Act, if applicable) shall have occurred.

(e) No Injunctions. On the Closing Date, there shall be no Laws or Orders in effect that operate to restrain, enjoin, prohibit or otherwise prevent or make illegal the consummation of the transactions contemplated by this Agreement.

(f) Deliveries. Buyer shall have delivered or shall stand ready to deliver all of the certificates, instruments, agreements, documents and other items specified to be delivered by it hereunder, including pursuant to Section 2.11.

(g) Closing Purchase Price. Buyer shall have delivered the Closing Purchase Price in accordance with Section 2.5.

ARTICLE VII INDEMNIFICATION; LIMITATIONS OF LIABILITY AND WAIVERS

Section 7.1 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties of Seller set forth in Section 3.1 (Organization and Existence), Section 3.2 (Authority and Enforceability) and Section 3.17 (Brokers) and the representations and warranties of Buyer set forth in Section 4.1 (Organization and Existence), Section 4.2 (Authority and Enforceability) and Section 4.6 (Brokers), shall survive the Closing and shall remain in full force and effect for a period of twelve (12) months following the Closing Date. All other representations and warranties of any Party contained in this Agreement shall expire at the Closing and shall have no further force or effect. The covenants and agreements of the Parties contained in this Agreement to be performed on or prior to the Closing shall expire at the Closing and have no further force or effect, and the covenants and agreements of the Parties contained in this Agreement that by their terms survive the Closing or contemplate performance after the Closing shall survive Closing until fully performed. The indemnification obligations of any Party pursuant to this ARTICLE VII with respect to any breach of a representation, warranty, covenant or other agreement hereunder shall terminate upon the expiration of such representation, warranty, covenant or other agreement.

Section 7.2 Effect of Closing. Upon the Closing, any condition to the obligations of either Party to consummate the transactions contemplated hereby that has not been satisfied as of the Closing Date, and any representation, warranty, covenant or agreement that has been breached or left unsatisfied by either Party as of the Closing Date, will be deemed waived by the Parties as of the Closing Date, and each Party will be deemed to fully release and forever discharge the other Party on account of any and all Claims and Losses with respect to the same. Nothing in this Section 7.2 shall be deemed to affect any provision herein which expressly survives the Closing or pertains to matters which will occur after the Closing.

Section 7.3 Indemnification by Seller. Subject to the other provisions of this ARTICLE VII, from and after the Closing, Seller shall indemnify, defend and hold harmless Buyer, its Affiliates and their respective Representatives (collectively, the “**Buyer Indemnified Parties**”) from and against all Losses suffered or incurred by a Buyer Indemnified Party resulting or arising from:

(a) Any breach of any representation or warranty of Seller contained in this Agreement that survives the Closing pursuant to Section 7.1;

(b) Any breach of any covenant or agreement of Seller contained in this Agreement that survives the Closing pursuant to Section 7.1; or

(c) Any Excluded Liability.

Section 7.4 Indemnification by Buyer. Subject to the other provisions of this ARTICLE VII, from and after the Closing, Buyer shall indemnify, defend and hold harmless Seller, its Affiliates and their respective Representatives (collectively, the “**Seller Indemnified Parties**”) from and against all Losses suffered or incurred by a Seller Indemnified Party resulting or arising from:

(a) Any breach of any representation or warranty of Buyer contained in this Agreement that survives the Closing pursuant to Section 7.1;

(b) Any breach of any covenant or agreement of Buyer contained in this Agreement that survives the Closing pursuant to Section 7.1; or

(c) Any Assumed Liability.

Section 7.5 Certain Limitations. The Buyer Indemnified Party or Seller Indemnified Party, as applicable, making a claim for indemnification under this ARTICLE VII is referred to herein as the “**Indemnified Party**” and the Party against whom such claims are asserted under this ARTICLE VII is referred to as the “**Indemnifying Party**.” The indemnification provided for in this ARTICLE VII shall be subject to the following limitations and other provisions:

(a) Notwithstanding anything herein to the contrary, the aggregate amount of all Losses for which Seller shall be liable pursuant to Section 7.3(a) shall not exceed an amount equal to the Purchase Price.

(b) Any Indemnified Party that becomes aware of a Loss for which it seeks indemnification under this ARTICLE VII shall be required to use commercially reasonable efforts to mitigate the Loss.

(c) Losses of any Indemnified Party hereunder shall be calculated after deducting the amount of any insurance proceeds and any indemnity, contribution or other similar Third Party recoveries actually received or reasonably expected to be received by such Indemnified Party in respect of such Loss at or prior to the time of such calculation (net of the reasonable out of pocket costs and expenses associated with such recoveries and any associated increases in insurance premiums). The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or similar agreements for any Losses prior to seeking indemnification under this Agreement.

(d) Losses of any Indemnified Party hereunder shall be determined net of (i) any Tax benefit actually realized as of the time of such determination as a result of sustaining such Losses, and (ii) the net present value, calculated as of the time of such determination, of Tax benefits reasonably expected to be derived as a result of sustaining such Losses.

(e) All Losses shall be determined without duplication of recovery under any other provisions of this Agreement or any Related Agreement. Without limiting the generality of the foregoing, (i) if any fact, circumstance, condition, agreement or event forming a basis for a claim for indemnification under this ARTICLE VII shall overlap with any fact, circumstance, condition, agreement or event forming the basis of any other claim for indemnification under this ARTICLE VII, there shall be no duplication in the calculation of the amount of Losses, and (ii) neither Seller nor Buyer shall have any liability under this ARTICLE VII for Losses relating to matters to the extent included in the calculation of the Purchase Price Adjustment in accordance with Section 2.6 or the prorations made in accordance with Section 2.7 (other than the failure to pay or credit any amounts so included).

(f) Notwithstanding anything to the contrary herein, Seller’s liability for indemnification of Excluded Environmental Liabilities pursuant to Section 7.3(c) (i) shall terminate on the fifth (5th) anniversary of the Closing Date, after which Seller shall have no further obligation to indemnify any Buyer Indemnified Party in respect of such Excluded Environmental Liabilities pursuant to Section 7.3(c); *provided*, that any such claims for indemnification in respect of Excluded Environmental Liabilities asserted in good faith by any Buyer Indemnified Party prior to the fifth (5th) anniversary of the Closing Date and not finally resolved prior to the fifth (5th) anniversary of the Closing Date shall survive until finally resolved, subject to the dollar limitations set forth in clause (ii) below, (ii) shall in no event exceed, in the aggregate, ten percent (10%) of the Purchase Price, and (iii) shall be subject to reduction to the extent such liability results from a violation by Buyer of its obligations under Section 5.11.

Section 7.6 Indemnification Procedures.

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Claim made or brought by any Third Party (a “**Third Party Claim**”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and the Indemnified Party shall cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 7.6(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it, subject to the Indemnifying Party’s right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 7.6(b), pay, compromise or defend such Third Party Claim and, subject to the limitations set forth in this ARTICLE VII, seek indemnification for any and all Losses based upon, arising from or

relating to such Third Party Claim. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 5.18) information reasonably available to such Party relating to such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 7.6(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 7.6(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any Claim by an Indemnified Party for indemnification on account of a Loss which does not result from a Third Party Claim (a “**Direct Claim**”) shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof, and in any event within thirty (30) days after the discovery by the Indemnified Party of the circumstances giving rise to such Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During such thirty (30) day period, the Indemnified Party shall allow the Indemnifying Party and its Representatives to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such reasonable information and assistance (including access to the Indemnified Party’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request (subject to the provisions of Section 5.18). If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 7.7 Tax Treatment of Indemnification Payments. Unless otherwise required by applicable Law, all indemnification payments made pursuant to this Agreement will be treated as an adjustment to the Purchase Price for all Tax purposes

Section 7.8 Waiver of Other Representations; No Reliance; “As Is” Sale.

(a) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY AND EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE III, IT IS THE EXPLICIT INTENT OF EACH PARTY, AND THE PARTIES HEREBY AGREE, THAT NONE OF SELLER, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES HAS MADE OR IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE, WRITTEN OR ORAL, WITH RESPECT TO, (I) THE ACQUIRED ASSETS, THE ASSUMED LIABILITIES, OR ANY PART THEREOF OR (II) THE ACCURACY OR COMPLETENESS OF THE INFORMATION, RECORDS, AND DATA NOW, HERETOFORE, OR HEREAFTER MADE AVAILABLE TO BUYER IN CONNECTION WITH THIS AGREEMENT AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. BUYER HAS NOT EXECUTED OR AUTHORIZED THE EXECUTION OF THIS AGREEMENT IN RELIANCE UPON ANY SUCH PROMISE, REPRESENTATION OR WARRANTY NOT EXPRESSLY SET FORTH HEREIN.

(b) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE III, THE ACQUIRED ASSETS ARE SOLD “AS IS, WHERE IS,” “WITH ALL FAULTS,” AND NONE OF SELLER OR ITS AFFILIATES, NOR ANY OF THEIR RESPECTIVE REPRESENTATIVES, MAKE OR HAVE MADE, AND BUYER IS NOT RELYING ON, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE, WRITTEN OR ORAL, AS TO LIABILITIES, OPERATIONS OF THE FACILITIES, TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS OR ANY OTHER MATTERS RESPECTING THE ACQUIRED ASSETS OR ASSUMED

LIABILITIES, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO (TO THE EXTENT NOT OTHERWISE PROVIDED FOR HEREIN) (I) THE ACTUAL OR RATED GENERATING CAPABILITY OF ANY OF THE FACILITIES OR THE ABILITY OF BUYER TO SELL FROM ANY OF THE FACILITIES ELECTRIC ENERGY, CAPACITY OR OTHER PRODUCTS RECOGNIZED BY ISO-NE FROM TIME TO TIME, (II) MERCHANTABILITY, USAGE, OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ACQUIRED ASSETS, OR ANY PART THEREOF, (III) THE WORKMANSHIP OF THE ACQUIRED ASSETS, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, (IV) COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS RESPECTING THE ACQUIRED ASSETS, (V) WHETHER SELLER POSSESSES SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY TO OPERATE THE ACQUIRED ASSETS, OR (VI) THE PROBABLE SUCCESS OR PROFITABILITY OF OPERATING THE ACQUIRED ASSETS AFTER THE CLOSING, ALL OF WHICH ARE EXPRESSLY DISCLAIMED BY SELLER. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, SELLER FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS SUBSTANCES OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED HEREIN, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE ACQUIRED ASSETS OR THE SUITABILITY THEREOF FOR OPERATION AS POWER GENERATION FACILITIES OR AS SITES FOR THE DEVELOPMENT OF ADDITIONAL OR REPLACEMENT GENERATION CAPACITY. NO MATERIAL OR INFORMATION MADE AVAILABLE BY OR COMMUNICATIONS MADE BY SELLER, ITS AFFILIATES AND THEIR RESPECTIVE REPRESENTATIVES, THE NHPUC, OR ANY BROKER OR INVESTMENT BANKER IN EXPECTATION OF OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING WITHOUT LIMITATION ANY INFORMATION OR MATERIAL CONTAINED IN THE CONFIDENTIAL INFORMATION MEMORANDUM DATED AS OF MARCH 2017, ANY OTHER EVALUATION OR DUE DILIGENCE MATERIAL, THE DATA SITE, MANAGEMENT PRESENTATIONS, FUNCTIONAL "BREAK-OUT" DISCUSSIONS, OR ANY ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST MADE AVAILABLE TO BUYER, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE ACQUIRED ASSETS OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN ARTICLE III, AND EXCEPT AS EXPRESSLY PROVIDED HEREIN, SELLER SHALL NOT HAVE OR BE SUBJECT TO ANY LIABILITY TO BUYER RESULTING THEREFROM.

Section 7.9 Exclusive Remedies; Certain Waivers, Releases and Limitations.

(a) Notwithstanding anything to the contrary set forth herein, subject to Section 8.3, from and after the Closing, the rights and remedies of the Parties under this ARTICLE VII shall be the exclusive rights and remedies available to any Party hereto with respect to any breach of any representation, warranty, covenant or agreement set forth in this Agreement or otherwise in respect of the transactions contemplated by this Agreement or the Related Agreements (excluding the Asset Demarcation Agreement, the Easements, the Interconnection Agreements, and the Transition Services Agreement). In furtherance of the foregoing, subject to Section 8.3, each Party hereby waives, from and after the Closing, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant or agreement set forth in this Agreement or otherwise relating to the transactions contemplated by this Agreement or the Related Agreements that it may have against the other Party hereto and its Affiliates and their respective Representatives arising under or based upon any Law or otherwise, except pursuant to the provisions of this ARTICLE VII. Nothing in this Section 7.9(a) shall limit any Party's rights to seek and obtain any equitable relief to which such Party is entitled pursuant to Section 8.3; provided, however, that any monetary awards awarded as a part of such equitable relief shall be subject to the limitations set forth in this ARTICLE VII.

(b) Without limiting the provisions of Section 7.9(a), Buyer, for itself and its Affiliates, effective as of the Closing, hereby irrevocably releases, agrees to hold harmless and forever discharges Seller, its Representatives and its Affiliates from any and all claims, demands, Losses, Liabilities, damages, complaints, causes of action, investigations, hearings, actions, suits or other Claims or proceedings of any kind or character whether known or unknown, hidden or concealed, arising out of or related to any Environmental Liability, except for Excluded Environmental Liabilities but only to the extent and for so long as the same are retained by Seller pursuant to Section 2.4(h). In furtherance of the foregoing, effective as of the Closing, Buyer, for itself and its Affiliates, hereby irrevocably waives, with respect to any matter it is releasing pursuant to the preceding sentence, any and all rights and benefits that it now has or in the future may have conferred upon it by virtue of any Law or common law principle which provides that a general release does not extend to claims which a party does not know or suspect to exist in its favor at the time of executing such release, if knowledge of such claims would have materially affected such party's settlement with the obligor. Buyer hereby acknowledges that it is aware that factual matters now unknown to it may have given or hereafter may give rise to claims, demands, Losses, Liabilities, damages, complaints, causes of action, investigations, hearings, actions, suits or other Claims or proceedings that are unknown, unanticipated and unsuspected as of the Effective Date and will not be known, anticipated or suspected prior to the Closing Date, and Buyer further agrees that this Section 7.9(b) has been negotiated and agreed upon in light of that awareness, and Buyer, for itself and on behalf of its Affiliates, nevertheless hereby intends to irrevocably release, hold harmless and forever discharge

Seller and its Affiliates as set forth in the first sentence of this Section 7.9(b).

(c) To the extent the transfer, conveyance, assignment and delivery of the Acquired Assets to Buyer as contemplated in this Agreement is accomplished by deeds, assignments, easements, leases, licenses, bills of sale or other instruments of transfer and conveyance, whether executed at the Closing or thereafter, these instruments are made without representation or warranty by, or recourse against, Seller, except as expressly provided in this Agreement or in any such instrument.

(d) No Representative or Affiliate of Seller shall have any personal liability to Buyer or any other Person as a result of the breach of any representation, warranty, covenant, agreement or obligation of Seller in this Agreement, and no Representative or Affiliate of Buyer shall have any personal liability to Seller or any other Person as a result of the breach of any representation, warranty, covenant, agreement or obligation of Buyer in this Agreement.

(e) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT OR ANY RELATED AGREEMENT (EXCLUDING THE ASSET DEMARCATION AGREEMENT, THE EASEMENTS, THE INTERCONNECTION AGREEMENTS, AND THE TRANSITION SERVICES AGREEMENT) TO THE CONTRARY, EXCEPT TO THE EXTENT PURSUANT TO A THIRD PARTY CLAIM, NO PARTY SHALL BE LIABLE FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES, OR LOST OPPORTUNITY, LOST PROFITS, DIMINUTION OF VALUE OR ANY DAMAGES BASED ON ANY TYPE OF MULTIPLE, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE AND WHETHER OR NOT ARISING FROM THE OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT (“**NON-REIMBURSABLE DAMAGES**”).

ARTICLE VIII TERMINATION

Section 8.1 Termination. This Agreement may be terminated at any time before the Closing as follows:

(a) By either Buyer or Seller, by written notice to the other, if the Closing shall not have occurred within twelve (12) months after the Effective Date, as may be extended pursuant to Section 5.16 (the “**Outside Date**”); *provided*, that (i) if the sole reason Closing has not occurred prior to the Outside Date is that one or more Consents of a Governmental Authority required to consummate the Closing pursuant to ARTICLE VI have not yet been obtained or made, and such Consents are being diligently pursued by the appropriate Party, then such Outside Date may be extended by either Party by written notice to the other Party delivered at any time before termination of this Agreement, for an additional ninety (90) days, and (ii) Buyer cannot terminate this Agreement under this provision if the failure of the Closing to occur is the result of the failure on the part of Buyer to perform any of its obligations hereunder and Seller cannot terminate this Agreement under this provision if the failure of the Closing to occur is the result of the failure on the part of Seller to perform any of its obligations hereunder;

(b) By Seller, by written notice to Buyer, (i) immediately if Buyer has (A) breached its obligation to pay the Closing Purchase Price pursuant to Section 2.5 and Section 2.11(a), or (B) breached any of its covenants, agreements or obligations contained in Section 5.18 at any time; or (ii) if Buyer has breached in any material respect any other representation, warranty, covenant, agreement or obligation in this Agreement and such breach, in the case of this clause (ii), has not been cured within thirty (30) days following written notification thereof; *provided, however*, that if, at the end of such thirty (30) day period, Buyer is endeavoring in good faith, and proceeding diligently, to cure such breach, Buyer shall have an additional thirty (30) days in which to effect such cure;

(c) By Buyer, by written notice to Seller, if Seller has breached any of its representations, warranties, covenants, agreements or obligations in this Agreement and (i) such breach has not been cured within thirty (30) days following written notification thereof; *provided, however*, that if, at the end of such thirty (30) day period, Seller is endeavoring in good faith, and proceeding diligently, to cure such breach, Seller shall have an additional thirty (30) days in which to effect such cure and (ii) such breach (to the extent not cured) would result in a Material Adverse Effect or would have a material adverse effect on Seller's ability to perform its obligations hereunder;

(d) By either Buyer or Seller, by written notice to the other, if there shall be in effect any Law or final, non-appealable Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(e) By Buyer or Seller, as applicable, in accordance with Section 5.16 or Section 5.17; or

(f) By mutual written agreement of Buyer and Seller.

Section 8.2 Effect of Termination; Termination Fee.

(a) If this Agreement is validly terminated pursuant to Section 8.1, there will be no liability or obligation on the part of Seller or Buyer (or any of their respective Representatives or Affiliates), except as provided in this Section 8.2.

(b) Regardless of the reason for termination, Section 5.4(d), Section 5.18, Section 5.19, Section 7.9, Section 8.2, Section 8.3 and ARTICLE IX (and, in each case the applicable definitions and rules of interpretation set forth in ARTICLE I) will survive any termination of this Agreement.

(c) Upon termination of this Agreement by either Party for any reason, each Party shall return or destroy, in accordance with the terms of the Confidentiality Agreement and Section 5.18, all documents and other materials provided by the other Party relating to the Acquired Assets, the Assumed Liabilities, the Facilities or to this Agreement, the Related Agreements or the transactions contemplated hereby or thereby, including any information relating to the Parties to this Agreement, whether obtained before or after the execution of this Agreement, and all information received by Buyer with respect to Seller, the Acquired Assets, the Assumed Liabilities, the Facilities, this Agreement, the Related Agreements or otherwise respecting the transactions contemplated hereby shall remain subject to the terms of the Confidentiality Agreement and Section 5.18.

(d) If this Agreement is terminated by Seller pursuant to Section 8.1(b), then notwithstanding any other provision of this Agreement but without limiting any right of Seller to an injunction, specific performance or other non-monetary equitable relief in accordance with Section 8.3, Buyer hereby agrees to pay immediately to Seller, as liquidated damages (and not a penalty) in connection with any such termination, an amount equal to Twelve Million, Four Hundred Fifty Dollars (\$12,450,000) in immediately available funds. The Parties acknowledge and agree that the provisions for payment of liquidated damages in this Section 8.2(d) have been included because, in the event of termination of this Agreement pursuant to Section 8.1(b), the actual damages to be incurred by Seller are reasonably expected to approximate the amount of liquidated damages set forth in this Section 8.2(d) and because the actual amount of such damages would be difficult if not impossible to measure and prove precisely. The Parties therefore expressly intend to liquidate damages in advance in accordance with this Section 8.2(d), and, without limiting the generality of the foregoing, acknowledge and agree that the amount of liquidated damages set forth in this Section 8.2(d) is reasonable and is not greatly disproportionate to the presumable loss or injury of Seller in the event of termination of this Agreement pursuant to Section 8.1(b). Buyer acknowledges that the agreements contained in this Section 8.2(d) are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Seller would not enter into this Agreement. The Parties acknowledge and agree that (A) Seller shall be entitled both to pursue payment of liquidated damages in accordance with this Section 8.2(d) and to pursue specific performance pursuant to Section 8.3 and (B) Seller may, in its sole discretion, elect to receive either an award of liquidated damages in accordance with this Section 8.2(d) or judgment awarding specific performance pursuant to Section 8.3; *provided*, that the Parties acknowledge and agree that under no circumstance shall Seller be entitled to receive both payment of liquidated damages in accordance with this Section 8.2(d) and specific performance pursuant to Section 8.3.

(e) In the event Seller or Buyer, as applicable, commences a proceeding in order to obtain (i) payment hereunder that results in a judgment against Buyer or Seller for the amounts set forth in Section 8.2(d), or (ii) specific performance or other equitable relief that results in a judgment against Buyer or Seller pursuant to Section 8.3, then in either case Buyer or Seller, as applicable, shall also pay to Seller or Buyer, as applicable, its costs and expenses (including reasonable attorneys' fees and expenses) in connection with such proceeding, together with interest on the amounts due pursuant to Section 8.2(d) or this Section 8.2(e) from the date such payment was required to be made until the date of payment at the prime lending rate as published in The Wall Street Journal in effect on the date such payment was required to be made.

Section 8.3 Specific Performance and Other Remedies. Each Party hereby acknowledges and agrees that the rights of each Party to consummate the transactions contemplated hereby are special, unique and of extraordinary character, and that, if any of the provisions of this Agreement were not performed by a Party in accordance with their specific terms or were otherwise breached by a Party, the non-breaching Party would suffer irreparable damage and would be without an adequate remedy at law. Notwithstanding anything to the contrary herein, if any Party violates or fails or refuses to perform any covenant or agreement made by such Party herein, without limiting or waiving in any respect any rights or remedies of a Party under this Agreement now or hereafter existing at law, in equity or by statute, the non-breaching Party shall, in addition to any other remedy to which a Party is entitled at law or in equity, be entitled to specific performance of such covenant or agreement, injunctions to prevent or restrain breaches of this Agreement, and any other equitable relief, in each case without the proof of actual damages. Each Party agrees to waive any requirement for the security or posting of any bond in connection with any such equitable remedy, and agrees that it will not oppose the granting of an injunction, specific performance or other equitable relief on the basis that (a) the other Party has an adequate remedy at law, or (b) an award of specific performance is not an appropriate remedy for any reason at law or equity.

ARTICLE IX MISCELLANEOUS

Section 9.1 Expenses. Except as otherwise expressly provided in this Agreement, including in Section 8.2, whether or not the Closing shall have occurred, each Party will pay its own costs and expenses (including, without limitation, fees and disbursements of

counsel, financial advisors and accountants) incurred in anticipation of, relating to and in connection with the negotiation and execution of this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, Buyer will pay (a) all filing fees for Consents of Governmental Authorities required in connection with this Agreement, the Related Agreements and the transactions contemplated hereby and thereby, including filing fees in connection with obtaining required Consents from FERC and any filings under the HSR Act, (b) all document recordation costs (including all New Hampshire County Registry of Deeds recording fees and New Hampshire Land and Community Heritage Investment Program surcharges for all deeds, mortgage indenture releases, easements, plans and other recorded documents) and fifty percent (50%) of all Transfer Taxes in connection with the transactions contemplated by this Agreement and the Related Agreements in accordance with Section 5.12, and (c) all costs and expenses of any title policy and all endorsements thereto that Buyer elects to obtain.

Section 9.2 Notices. All notices, requests, consents, waivers, demands, claims and other communications hereunder will be in writing and shall be deemed duly given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail (in each case, with confirmation of delivery) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the applicable Party at the address and/or other contact information for such Party set forth below (or at such other address and/or other contact information for a Party as shall be specified in a notice given in accordance with this Section 9.2):

If to Seller: Public Service Company of New Hampshire
 c/o Eversource Energy
 56 Prospect Street
 Hartford, Connecticut 06103
 Attention: General Counsel
 with a copy to:

 Public Service Company of New Hampshire
 780 North Commercial Street
 Manchester, New Hampshire 03101-1134
 Attention: Law Department

If to Buyer:

 c/o Hull Street Energy, LLC
 4920 Elm Street, Suite 205
 Bethesda, MD 20814
 Attention: David Meeker
 Facsimile No.: (443) 378-8616
 Telephone: (240) 800-3217
 Email: dmeeker@hullstreetenergy.com

 with a copy to:

 Manatt, Phelps & Phillips, LLP
 1050 Connecticut Avenue, NW, Suite 600
 Washington, DC 20036
 Attention: Alan M. Noskow
 Facsimile No.: (202) 637-1595
 Telephone: (202) 585-6525
 e-mail: anoskow@manatt.com

Section 9.3 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto), the Related Agreements and the Confidentiality Agreement constitute, as a complete and final integration thereof, the sole and entire agreement of the Parties with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements (other than the Confidentiality Agreement), understandings or representations, both written and oral, between the Parties with respect to such subject matter. Except as otherwise set forth herein, all conflicts or inconsistencies between the terms hereof and the terms of any of the Related Agreements, if any, shall be resolved in favor of this Agreement.

Section 9.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be

valid, binding and enforceable under applicable Law. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights and obligations of any Party will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms of such illegal, invalid or unenforceable provision as may be possible.

Section 9.5 Schedules and Exhibits. Except as otherwise provided in this Agreement, all Schedules and Exhibits referred to herein, as the same may be amended, modified or supplemented from time to time in accordance with this Agreement, are intended to be and hereby are made a part of this Agreement. Any matter set forth in any Schedule under this Agreement corresponding to or qualifying a specific numbered paragraph of this Agreement shall be deemed to correspond to and qualify any other numbered paragraph of this Agreement to which the relevance or applicability of such matter is reasonably apparent on its face, whether or not there is an explicit cross-reference thereto. Certain information set forth in the Schedules is included solely for informational and other disclosure purposes, is not an admission of liability with respect to the matters covered by the information, and may not be required to be disclosed pursuant to this Agreement. The specification of any dollar amount in any provision of this Agreement or the inclusion of any specific item in the Schedules is not intended to imply, and shall not be deemed to be an acknowledgement or admission, that such amounts (or higher or lower amounts) or items are or are not material, and shall not otherwise be deemed to establish any standard of materiality or to define further or otherwise interpret the meaning of “material,” “Material Adverse Effect,” or any similar terms for purposes of the Agreement. In no event shall the inclusion of any matter in these Schedules be deemed or interpreted to broaden or otherwise amplify the representations, warranties, covenants or agreements contained in this Agreement. Capitalized terms used and not otherwise defined in the Schedules shall have the meanings given to them in this Agreement.

Section 9.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or the Related Agreements or any of its rights, interests, or obligations hereunder or thereunder without the prior written consent of the other Party; *provided*, that Buyer may, upon notice to Seller, collaterally assign all or part of its rights under this Agreement or other Related Agreements to any third party lender or one or more wholly-owned subsidiaries of Buyer, *provided*, that such transferee agrees in writing to be bound by the terms hereof applicable to Buyer and provides a copy of such undertaking to Seller. No assignment shall relieve the assigning Party of any of its obligations hereunder or thereunder.

Section 9.7 No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the Parties hereto, their respective successors and permitted assigns, and any Person benefitting from the indemnities, releases or limitations of liability provided herein, and nothing herein, express or implied, is intended to or shall confer upon any other Person (including any employee, any beneficiary or dependents thereof, or any collective bargaining representative thereof) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.8 No Joint Venture or Agency. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation or liability on or with respect to either Party. Except as expressly provided herein, neither Party is or shall act as or be the agent or representative of the other Party.

Section 9.9 Amendments and Waivers. Except to the extent expressly set forth herein with respect to Schedule Updates during the Interim Period, this Agreement may not be amended, modified or supplemented except by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after such written waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the state of New Hampshire without giving effect to any choice or conflict of law provision or rule (whether of the state of New Hampshire or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the state of New Hampshire, except to the extent that certain matters are pre-empted by federal Law or are governed by the Law of the jurisdiction of organization of any Party or other Person referred to herein.

Section 9.11 Dispute Resolution. Prior to instituting any litigation or dispute resolution mechanism, each of the Parties will attempt in good faith to resolve any dispute or claim promptly by referring any such matter to their respective senior executives for resolution. Either Party may give the other Party written notice of any dispute or claim. Within ten (10) days after delivery of said

notice, the executives will meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute or claim within thirty (30) days.

Section 9.12 Submission to Jurisdiction. ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL BE INSTITUTED IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATE OF NEW HAMPSHIRE IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 9.12. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY CONSENTS HEREBY TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE BUSINESS AND COMMERCIAL DISPUTE DOCKET (BCDD) OF THE SUPERIOR COURT OF THE STATE OF NEW HAMPSHIRE PURSUANT TO N.H. SUPERIOR COURT CIVIL RULE 207 OR THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW HAMPSHIRE FOR ANY SUCH ACTION, SUIT OR PROCEEDING, AND HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT, OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT.

Section 9.13 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE RELATED AGREEMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 9.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail, PDF or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

SELLER:

PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE

/S/ PHILIP J. LEMBO

Name: Philip J. Lembo

Title: Executive Vice President and Chief Financial Officer

BUYER:

HSE HYDRO NH AC, LLC

/S/ DAVID G. MEEKER

Name: David G. Meeker

Title: Vice President

(Thousands of Dollars)	For the Years Ended December 31,				
	2017	2016	2015	2014	2013
Earnings, as defined:					
Net income	\$ 995,515	\$ 949,821	\$ 886,004	\$ 827,065	\$ 793,689
Income tax expense	578,892	554,997	539,967	468,297	426,941
Equity in earnings of equity investees	(27,432)	(243)	(883)	(1,044)	(1,318)
Dividends received from equity investees	20,042	120	—	—	582
Fixed charges, as below	451,287	429,406	397,392	386,451	362,403
Less: Interest capitalized (including AFUDC)	(12,453)	(10,791)	(7,221)	(5,766)	(4,062)
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	(12,532)	(12,532)	(12,532)	(12,532)	(12,803)
Total earnings, as defined	\$ 1,993,319	\$ 1,910,778	\$ 1,802,727	\$ 1,662,471	\$ 1,565,432
Fixed charges, as defined:					
Interest expense	\$ 421,755	\$ 400,961	\$ 372,420	\$ 362,106	\$ 338,699
Rental interest factor	4,547	5,122	5,219	6,047	6,839
Preferred dividend security requirements of consolidated subsidiaries (pre-tax)	12,532	12,532	12,532	12,532	12,803
Interest capitalized (including AFUDC)	12,453	10,791	7,221	5,766	4,062
Total fixed charges, as defined	\$ 451,287	\$ 429,406	\$ 397,392	\$ 386,451	\$ 362,403
Ratio of Earnings to Fixed Charges	4.42	4.45	4.54	4.30	4.32

Ratio of Earnings to Fixed Charges

(Thousands of Dollars)	For the Years Ended December 31,				
	2017	2016	2015	2014	2013
Earnings, as defined:					
Net income	\$ 376,726	\$ 334,254	\$ 299,360	\$ 287,754	\$ 279,412
Income tax expense	186,646	208,308	177,396	133,451	141,663
Equity in earnings of equity investees	(39)	(61)	(31)	(32)	(67)
Dividends received from equity investees	—	60	—	—	289
Fixed charges, as below	152,888	152,635	153,751	152,513	139,929
Less: Interest capitalized (including AFUDC)	(5,102)	(3,319)	(2,630)	(1,867)	(2,249)
Total earnings, as defined	\$ 711,119	\$ 691,877	\$ 627,846	\$ 571,819	\$ 558,977
Fixed charges, as defined:					
Interest expense	\$ 142,973	\$ 144,110	\$ 145,795	\$ 147,421	\$ 133,650
Rental interest factor	4,813	5,206	5,326	3,225	4,030
Interest capitalized (including AFUDC)	5,102	3,319	2,630	1,867	2,249
Total fixed charges, as defined	\$ 152,888	\$ 152,635	\$ 153,751	\$ 152,513	\$ 139,929
Ratio of Earnings to Fixed Charges	4.65	4.53	4.08	3.75	3.99

Ratio of Earnings to Fixed Charges

(Thousands of Dollars)	For the Years Ended December 31,				
	2017	2016	2015	2014	2013
Earnings, as defined:					
Net income	\$ 374,726	\$ 350,777	\$ 401,048	\$ 360,907	\$ 328,984
Income tax expense	242,085	225,789	265,014	239,249	210,234
Equity in earnings of equity investees	(302)	(325)	(351)	(416)	(568)
Dividends received from equity investees	—	35	—	—	424
Fixed charges, as below	114,419	117,542	107,089	108,705	99,431
Less: Interest capitalized (including AFUDC)	(4,800)	(5,278)	(3,022)	(2,891)	(1,009)
Total earnings, as defined	\$ 726,128	\$ 688,540	\$ 769,778	\$ 705,554	\$ 637,496
Fixed charges, as defined:					
Interest expense	\$ 105,729	\$ 108,430	\$ 100,139	\$ 102,809	\$ 95,234
Rental interest factor	3,890	3,834	3,928	3,005	3,188
Interest capitalized (including AFUDC)	4,800	5,278	3,022	2,891	1,009
Total fixed charges, as defined	\$ 114,419	\$ 117,542	\$ 107,089	\$ 108,705	\$ 99,431
Ratio of Earnings to Fixed Charges	6.35	5.86	7.19	6.49	6.41

Ratio of Earnings to Fixed Charges

(Thousands of Dollars)	For the Years Ended December 31,				
	2017	2016	2015	2014	2013
Earnings, as defined:					
Net income	\$ 135,996	\$ 131,985	\$ 114,442	\$ 113,944	\$ 111,397
Income tax expense	88,675	82,364	73,060	72,135	71,101
Equity in earnings of equity investees	(9)	(15)	(8)	(8)	(12)
Dividends received from equity investees	—	25	—	—	42
Fixed charges, as below	52,851	51,843	47,949	46,530	47,318
Less: Interest capitalized (including AFUDC)	(729)	(787)	(994)	(640)	(500)
Total earnings, as defined	\$ 276,784	\$ 265,415	\$ 234,449	\$ 231,961	\$ 229,346
Fixed charges, as defined:					
Interest expense	\$ 51,007	\$ 50,040	\$ 45,990	\$ 45,349	\$ 46,176
Rental interest factor	1,115	1,016	965	541	642
Interest capitalized (including AFUDC)	729	787	994	640	500
Total fixed charges, as defined	\$ 52,851	\$ 51,843	\$ 47,949	\$ 46,530	\$ 47,318
Ratio of Earnings to Fixed Charges	5.24	5.12	4.89	4.99	4.85

Subsidiaries of the Registrants as of February 23, 2018 ⁽¹⁾

	State of Incorporation
Eversource Energy (a Massachusetts business trust) ⁽²⁾	MA
The Connecticut Light and Power Company ^{(2) (3)}	CT
Connecticut Yankee Atomic Power Company ⁽⁴⁾	CT
Eversource Energy Service Company	CT
Eversource Energy Transmission Ventures, Inc.	CT
Eversource Gas Transmission LLC	MA
Eversource Gas Transmission II LLC	MA
Eversource LNG Service Company LLC	MA
Northern Pass Transmission LLC	NH
Renewable Properties, Inc.	NH
Eversource Holdco Corporation	MA
Eversource Investment LLC	MA
Eversource Investment Service Company LLC	MA
Eversource Water Ventures, Inc.	CT
Eversource Aquarion Holdings, Inc.	DE
Aquarion Company	DE
Aquarion Water Company	CT
Aquarion Water Company of Connecticut	CT
Aquarion Water Company of Massachusetts, Inc.	MA
Aquarion Water Capital of Massachusetts, Inc.	DE
Aquarion Water Company of New Hampshire, Inc.	NH
Homeowner Safety Valve Company	DE
HWP Company	MA
North Atlantic Energy Corporation	NH
North Atlantic Energy Service Corporation	NH
Northeast Nuclear Energy Company	CT
NSTAR Electric Company ^{(2) (3)}	MA
Harbor Electric Energy Company	MA
Public Service Company of New Hampshire ^{(2) (3)}	NH
Properties, Inc.	NH
PSNH Funding LLC 3	DE
The Rocky River Realty Company	CT
Yankee Atomic Electric Company ⁽⁴⁾	MA
Yankee Energy System, Inc.	CT
Hopkinton LNG Corp.	MA
NSTAR Gas Company ⁽³⁾	MA
Yankee Gas Services Company ⁽³⁾	CT

- (1) The names of some of our subsidiaries which, if considered in the aggregate as a single subsidiary, would not constitute a “significant subsidiary,” have been omitted in accordance with Item 601(b)(21)(ii) of Regulation S-K.
- (2) SEC Registrant.
- (3) Each of these entities is doing business as Eversource Energy.
- (4) For The Connecticut Light and Power Company, NSTAR Electric Company and Public Service Company of New Hampshire, investments in Connecticut Yankee Atomic Power Company and Yankee Atomic Electric Company are accounted for under the equity method.

CONSENTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-128811 and 333-211062 on Form S-3 and Registration Statements Nos. 333-121364, 333-142724, and 333-181258 on Form S-8 of our report dated February 23, 2018 (which report expresses an unqualified opinion and includes explanatory paragraphs relating to the acquisition of Macquarie Utilities, Inc. on December 4, 2017 and the exclusion of Eversource Aquarion Holdings, Inc. (formerly Macquarie Utilities, Inc.) from the assessment of internal controls over financial reporting), relating to the consolidated financial statements and the financial statement schedules of Eversource Energy and subsidiaries, and the effectiveness of Eversource Energy and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Eversource Energy for the year ended December 31, 2017.

We also consent to the incorporation by reference in Registration Statement No. 333-211062-04 on Form S-3 of our report dated February 23, 2018, relating to the financial statements and the financial statement schedule of The Connecticut Light and Power Company appearing in this Annual Report on Form 10-K of The Connecticut Light and Power Company for the year ended December 31, 2017.

We also consent to the incorporation by reference in Registration Statement No. 333-211062-03 on Form S-3 of our report dated February 23, 2018, relating to the consolidated financial statements and the financial statement schedule of NSTAR Electric Company and subsidiary (which report expresses an unqualified opinion and includes an emphasis of a matter paragraph relating to the merger of NSTAR Electric Company and Western Massachusetts Electric Company as of December 31, 2017) appearing in this Annual Report on Form 10-K of NSTAR Electric Company for the year ended December 31, 2017.

We also consent to the incorporation by reference in Registration Statement No. 333-211062-02 on Form S-3 of our report dated February 23, 2018, relating to the consolidated financial statements and the financial statement schedule of Public Service Company of New Hampshire and subsidiary appearing in this Annual Report on Form 10-K of Public Service Company of New Hampshire for the year ended December 31, 2017.

/s/ Deloitte & Touche LLP

Hartford, Connecticut
February 23, 2018

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Annual Report on Form 10-K of Eversource Energy (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ James J. Judge

James J. Judge
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Connecticut Light and Power Company (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Annual Report on Form 10-K of NSTAR Electric Company (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ James J. Judge

James J. Judge
Chairman
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Judge, certify that:

1. I have reviewed this Annual Report on Form 10-K of Public Service Company of New Hampshire (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ James J. Judge

James J. Judge

Chairman

(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Annual Report on Form 10-K of Eversource Energy (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Connecticut Light and Power Company (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Annual Report on Form 10-K of NSTAR Electric Company (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Philip J. Lembo, certify that:

1. I have reviewed this Annual Report on Form 10-K of Public Service Company of New Hampshire (the registrant);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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 this Annual Report on Form 10-K of Eversource Energy (the registrant) for the period ending December 31, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the Board, President and Chief Executive Officer of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 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 registrant.

/s/ James J. Judge

James J. Judge

Chairman of the Board, President and Chief Executive Officer

/s/ Philip J. Lembo

Philip J. Lembo

Executive Vice President and Chief Financial Officer

Date: February 23, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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 this Annual Report on Form 10-K of The Connecticut Light and Power Company (the registrant) for the period ending December 31, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 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 registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: February 23, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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 this Annual Report on Form 10-K of NSTAR Electric Company (the registrant) for the period ending December 31, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 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 registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: February 23, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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 this Annual Report on Form 10-K of Public Service Company of New Hampshire (the registrant) for the period ending December 31, 2017 as filed with the Securities and Exchange Commission (the Report), we, James J. Judge, Chairman of the registrant, and Philip J. Lembo, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 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 registrant.

/s/ James J. Judge

James J. Judge
Chairman

/s/ Philip J. Lembo

Philip J. Lembo
Executive Vice President and Chief Financial Officer

Date: February 23, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

