

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

Exhibit JLP-1
Page 1 of 2

	Amounts Estimated in Settlement Agreement	Amounts as of 3/14/2012	Variance
Merger consideration to be paid under the Merger Agreement	137,793,398.00	136,413,922.67	(620,524.67)
Goodwill acquisition costs and fees	1,800,000.00	886,469.66	803,530.14
Transaction costs and fees	8,288,976.00	3,568,504.92	1,427,370.00
Severance costs	2,219,812.00	2,300,112.68	(80,500.66)
Rate Stabilization Fund	5,000,000.00	5,000,000.00	-
Total Estimated Acquisition Costs	162,099,386.00	160,670,500.00	1,828,886.00

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Merger Consideration to be Paid under the Merger Agreement

Payout of outstanding shares at 1/25/12 @ \$20/share	4,806,822 shares outstanding	136,173,038.00
Buyout of outstanding Options - \$29/share versus underlying strike value	238,804 options outstanding	2,159,077.71
Payroll taxes related to buyout of options		81,712.28
Payroll processing fee related to buyout of options		94.58

Subtotal

138,413,922.57

Bond Issuance costs and fees

City of Nashua Expenses	Bond Financial Advisor	174,922.15
First Southwest (FSW)	Bond Counsel	155,000.00
Edwards Wildman Palmer LLP	Rating Services	53,900.00
Moody's Rating	Rating Services	48,000.00
Fitch Rating	Bond Closing Expenses	2,004.02
Terryberry	Bond Closing Expenses - Mailings	3,713.04
Murphy & Company	Bond Underwriting Fees and Expenses	558,920.65
JP Morgan and Co-Underwriters		

Subtotal

998,459.86

Transaction costs and fees:

PNNW Expenses		
Boenning & Scattergood - PNNW Underwriter Broker Fee (incl. Fairness Opinion)		1,289,785.00
American Stock Transfer - transfer agent termination fee		38,837.24
Marsh USA - D&O/EPL/Fiduciary "Tail" insurance premiums		251,423.00
NASDAQ termination fee		35,000.00
Marketwire - press release/8K filing		949.60
Legal Fees - McLane, Graf, Raulerson & Middleton		3,630.41
Legal Fees - Nutter McClennen & Fish		11,485.69
RR Donnelly - Section 19 filings		1,279.00

City of Nashua Expenses Related to the Transaction

C.W. Downer - City Underwriter Broker Fees		845,518.43
Legal Law Office		1,280.00
Geonlight, Inc. - Due Diligence		67,049.81
McLanahan Health & Company - Due Diligence		79,083.48
John L. Patonardo - transaction lead		149,189.64
Peckar & Abramson		6,303.17
R.W. Beck - Due Diligence		78,938.84
Rath, Young & Pignatelli - legal		987,863.50
Sheehan, Philoney, Bass & Green		7,184.71
Contingency		224,938.22

Contingency for Outstanding Invoices

Subtotal

3,859,504.92

Severance costs

Separation Agreement payouts	Actual and estimated amounts	2,263,012.00
Payroll taxes related to Separation Agreement payouts	Actual and estimated amounts	38,891.51
Payroll processing fee related to Separation Agreement payouts	Actual and estimated amounts	209.14

Subtotal

2,300,112.65

Rate Stabilization Fund
Funded 1/25/2012

5,000,000.00

Subtotal

5,000,000.00

Total

150,570,000.00

lg.3/14/12

PITTSFIELD AQUEDUCT COMPANY, INC.
COMPUTATION OF REVENUE DEFICIENCY
For the Twelve Months Ended December 31, 2012
City vs Public Ownership

Exhibit JLP-2
Pre vs Post Acquisition

	TEST YEAR	PRO FORMA ADJUSTMENTS	PRO FORMA TEST YEAR	Adjustments	Adjusted Amounts	Difference in Rates Pre vs Post Acquisition
Consolidated Rate Base (Sch 9)	\$ 3,195,402	\$ (2,340,241)	\$ 815,161	(2) \$ 1,063,241	\$ 1,878,402	
RATE of Return (1)	6.55%		6.55%	(1)	6.52%	
Income Required	\$ 218,891		\$ 55,840		\$ 180,050	
Adjusted Net Operating Income (Sch 1)	\$ 92,083	\$ (74,838)	\$ 17,245	(3) \$ 53,085	\$ 70,310	
Deficiency	\$ 126,808		\$ 38,585		\$ 89,740	
Tax Factor	60.39%		60.39%		60.39%	
Revenue Deficiency	\$ 209,982		\$ 63,909		\$ 148,601	\$ 84,692
Water Revenues	\$ 683,969	\$ (146,559)	\$ 537,410	\$ 146,559	\$ 683,969	
Add: City Bond Fixed Revenue Requirement	\$ -		\$ 146,559		\$ -	
Water Revenues with CBFR	\$ 683,969		\$ 683,969		\$ 683,969	
Proposed Revenue Inc.	39.70%		9.34%		21.73%	12.39%
New Revenue Levels			\$ 747,878		\$ 932,570	

Notes:

(1) The return on equity based on 2012 test year capital structure and adding back equity related to assets in (2).

(2) The equity related assets are added back to rate base;

(3) The CBFR, Revenues, equity related depreciation and public company costs are added back to net operating income:

CBFR Revenues	\$ 146,559
Equity Assets related depreciation	\$ (27,325)
Public Company Costs DW 11-028	\$ (31,366)
	\$ 87,870
Income Tax 39.61%	\$ (34,805)
	\$ 53,065

PITTSFIELD AQUEDUCT, INC.
Rate Impact on Average Single Family Residential Customer
City vs Public Ownership
Permanent Increase

Exhibit JLP-3
Pre vs Post Acquisition

	<u>City Ownership</u> <u>Permanent</u>	<u>Public Company</u> <u>Permanent</u>	<u>Difference</u>
Overall Revenue Requirement/Increase	\$ 63,909	\$ 148,601	\$ 84,692
Water Revenues	\$ 683,969	\$ 683,969	
Overall Revenue % Increase	9.34%	21.73%	12.39%
<u>Current Rates:</u>			
5/8 inch Meter Charge	\$ 22.48		
Volumetric Charge	\$ 5.95		
Average Single Family Residential Usage (CCF)	5.83		
Monthly Usage	\$ 34.69		
Total Month Charge	\$ 57.17		
<u>Customer Impact from New Rates:</u>			
Monthly Impact	\$5.36	\$ 12.42	\$ 7.06
Annual Impact	\$64.32	\$ 149.07	\$ 84.75

BOND SUMMARY STATISTICS

Exhibit JLP-4

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

Dated Date	01/25/2012
Delivery Date	01/25/2012
First Coupon	07/15/2012
Last Maturity	01/15/2042
Arbitrage Yield	4.062888%
True Interest Cost (TIC)	4.093531%
Net Interest Cost (NIC)	4.145095%
All-In TIC	4.118327%
Average Coupon	4.124583%
Average Life (years)	18.096
Duration of Issue (years)	12.373
Par Amount	150,570,000.00
Bond Proceeds	150,570,000.00
Total Interest	112,385,284.17
Net Interest	112,944,204.82
Bond Years from Dated Date	2,724,767,500.00
Bond Years from Delivery Date	2,724,767,500.00
Total Debt Service	262,955,284.17
Maximum Annual Debt Service	8,769,852.00
Average Annual Debt Service	8,773,299.36
Underwriter's Fees (per \$1000)	
Average Takedown	3.374294
Other Fee	0.337738
Total Underwriter's Discount	3.712032
Bid Price	99.628797

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

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

Jan 10, 2012 5:00 pm Prepared by J.P. Morgan Securities LLC