

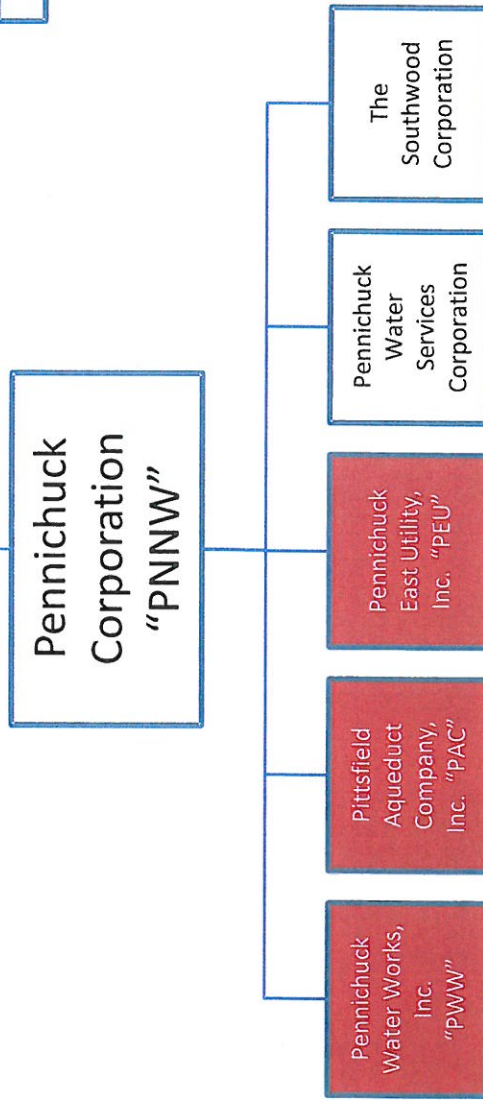
# Corporate Ownership Structure



Legend:

 Regulated Utility

 Unregulated Subsidiary

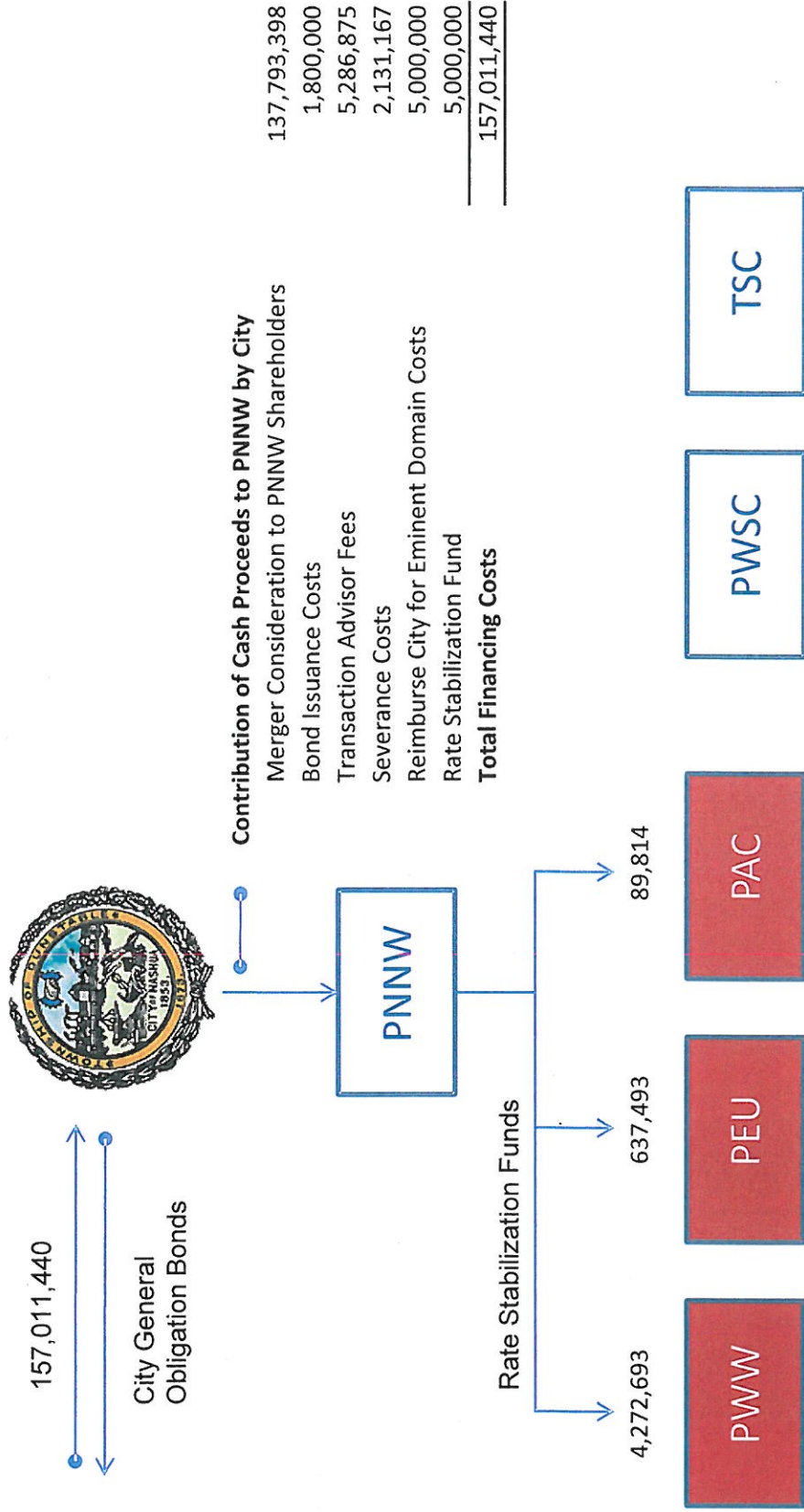


## Comparing Values of Eminent Domain vs. Merger

	Eminent Domain	Acquisition Transaction
Pennichuck Corporation	Not acquired	<b>138,000,000</b>
PWW	<b>203,000,000</b>	Acquired as a subsidiary
PAC	Not acquired	Acquired as a subsidiary
PEU	Not acquired	Acquired as a subsidiary
The Southwood Corporation	Not acquired	Acquired as a subsidiary
PWSC	Not acquired	Acquired as a subsidiary
Assumed Debt	Not assumed	<b>60,000,000</b>
Transaction & Other Costs	As determined at closing	As determined at closing
Mitigation Fund	<b>40,000,000</b>	Management is the same; cost efficiencies preserved
<b>Total Cost</b>	<b>243,000,000</b>	<b>198,000,000</b>

Note: Transaction costs are assumed to be equal in both scenarios. The current estimate of transaction costs in the merger transaction is approximately \$19 million, as described in more detail in testimony of Mr. Patenaude.

# Costs of Merger and Flow of Funds



**Estimated Annual Savings in Operating Costs**

Pennichuck Corporation

Professional Fees & Services	(132,339)
D&O Insurance	(86,479)
Annual Report Cost	(24,965)
Auditors/SEC Legal Expense	(210,888)
Corp Governance Legal/AST	(32,053)
Directors Fees & Mtgs/Legal	(25,052)
EDGAR Filing/NASDAQ & Other	(74,427)
	<u>(586,203)</u>

Pennichuck Water Works, Inc.

Salaries	(771,596)
Bonus	(28,500)
Benefits	(336,507)
Meetings & Conventions	(19,600)
Senior Management Vehicle	(1,000)
	<u>(1,156,203)</u>

(\$1,742,406)