

EXECUTION COPY

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
FIRST MORTGAGE BONDS
UNDERWRITING AGREEMENT

May 19, 2008

Public Service Company of New Hampshire
Energy Park
780 North Commercial Street
Manchester, New Hampshire 03101-1134

1. *Purchase and Sale.* On the basis of the representations and warranties, and subject to the terms and conditions set forth in this agreement (this “**Agreement**”), the Underwriters (defined below) shall purchase from Public Service Company of New Hampshire (the “**Company**”), severally and not jointly, and the Company shall sell to the Underwriters, the principal amount of the Company’s 6.00% First Mortgage Bonds, Series O, due 2018, set forth opposite the name of the Underwriters in Schedule I hereto at the price specified in Schedule III hereto (the aggregate principal amount of the bonds described in Schedule I hereto are hereinafter referred to as the “**Bonds**”).

2. *Underwriters.* The term “**Underwriters**”, as used herein, shall be deemed to mean Barclays Capital Inc. and BNY Mellon Capital Markets, LLC (the “**Representatives**”) and the other several persons, firms or corporations named in Schedule I hereto (including all substituted Underwriters under the provisions of Section 10 hereof). All obligations of the Underwriters hereunder are several and not joint.

3. *Representations and Warranties of the Company and the Underwriters.*

(a) The Company represents and warrants to and agrees with the Underwriters that:

(i) A registration statement on Form S-3 (File No. 333-141425-01) relating to the Bonds (i) has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the “**Securities Act**”), and the rules and regulations (the “**Rules and Regulations**”) of the Securities and Exchange Commission (the “**Commission**”) thereunder; (ii) has been filed with the Commission under

the Securities Act; and (iii) is effective under the Securities Act. Copies of such registration statement and any amendment thereto have been delivered by the Company to the Representatives. As used in this Agreement:

(A) **“Effective Date”** means any date as of which any part of such registration statement relating to the Bonds became, or is deemed to have become, effective under the Securities Act in accordance with Rule 430B of the Rules and Regulations;

(B) **“Applicable Time”** means 12:30 p.m. (New York City time) on the date of this Agreement;

(C) **“Prospectus”** means the final prospectus relating to the Bonds included in the Registration Statement, including any prospectus supplement thereto relating to the Bonds, as filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;

(D) **“Preliminary Prospectus”** means the final prospectus relating to the Bonds included in the Registration Statement, including any preliminary prospectus supplement thereto relating to the Bonds, as filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;

(E) **“Registration Statement”** means, collectively, the various parts of such registration statement, each as amended as of the Effective Date for such part, including any Preliminary Prospectus or the Prospectus and all exhibits to such registration statement;

“Issuer Free Writing Prospectus” means each “free writing prospectus” (as defined in Rule 405 of the Rules and Regulations) prepared by or on behalf of the Company and approved by the Company or used or referred to by the Company in connection with the offering of the Bonds; and

(G) **“Pricing Disclosure Package”** means, as of the Applicable Time, the most recent Preliminary Prospectus, together with each Issuer Free Writing Prospectus listed on Schedule II hereto.

Any reference to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents incorporated by reference therein pursuant to Form S-3 under the Securities Act as of the date of such Preliminary Prospectus or the Prospectus, as the case may be. Any reference to the **“most recent Preliminary Prospectus”** shall be deemed

to refer to the latest Preliminary Prospectus included in the Registration Statement or filed pursuant to Rule 424(b) on or prior to the date hereof. Any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any document filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), after the date of such Preliminary Prospectus or the Prospectus, as the case may be, and incorporated by reference in such Preliminary Prospectus or the Prospectus, as the case may be; and any reference to any amendment to the Registration Statement shall be deemed to include any annual report of the Company on Form 10-K filed with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act after the Effective Date that is incorporated by reference in the Registration Statement.

(ii) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or suspending the effectiveness of the Registration Statement, and no proceeding or examination for such purpose or pursuant to Section 8A of the Act against the Company or related to the offering has been instituted or threatened by the Commission. The Commission has not notified the Company of any objection to the use of the form of the Registration Statement.

(iii) The Company was at the time of initial filing of the Registration Statement, has been at all relevant determination dates thereafter (as provided in clause (2) of the definition of “well-known seasoned issuer” in Rule 405), is on the date hereof and will be on the Closing Date (as defined below) a “well-known seasoned issuer” (as defined in Rule 405), including not having been an “ineligible issuer” (as defined in Rule 405) at any such time or date. The Registration Statement is an “automatic shelf registration statement” (as defined in Rule 405), was filed not earlier than the date that is three years prior to the Closing Date and the Company has not received from the Commission any notice pursuant to Rule 401(g)(2) of the Securities Act objecting to use of the automatic shelf registration statement form and the Company has not otherwise ceased to be eligible to use the automatic shelf registration statement. The conditions for use of Form S-3, as set forth in the General Instructions thereto, have been satisfied.

(iv) The Registration Statement conformed and will conform in all material respects on the Effective Date and on the Closing Date, and any amendment to the Registration Statement filed after the date hereof will conform in all material respects when filed, to the requirements of the Securities Act and the Rules and Regulations. The Preliminary Prospectus

conformed, and the Prospectus will conform, in all material respects when filed with the Commission pursuant to Rule 424(b) and on the Closing Date to the requirements of the Securities Act and the Rules and Regulations. The documents incorporated by reference in any Preliminary Prospectus or the Prospectus conformed, and any further documents so incorporated will conform, when filed with the Commission, in all material respects to the requirements of the Exchange Act or the Securities Act, as applicable, and the rules and regulations of the Commission thereunder.

(v) The Registration Statement did not, as of the Effective Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided* that no representation or warranty is made as to information contained in or omitted from the Registration Statement in reliance upon and in conformity with written information furnished to the Company through the Representatives by or on behalf of any Underwriter specifically for inclusion therein, which information is specified in Section 8(g), except that the representations and warranties set forth in this paragraph do not apply to that part of the Registration Statement that constitutes the Statement of Eligibility and Qualification on Form T-1 under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), of U.S. Bank National Association.

(vi) The Prospectus will not, as of its date and on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that no representation or warranty is made as to information contained in or omitted from the Prospectus in reliance upon and in conformity with written information furnished to the Company through the Representatives by or on behalf of any Underwriter specifically for inclusion therein, which information is specified in Section 8(g).

(vii) The documents incorporated by reference in any Preliminary Prospectus or the Prospectus did not, and any further documents filed and incorporated by reference therein will not, when filed with the Commission, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(viii) The Pricing Disclosure Package did not, as of the Applicable Time, contain an untrue statement of a material fact or omit to

state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that no representation or warranty is made as to information contained in or omitted from the Pricing Disclosure Package in reliance upon and in conformity with written information furnished to the Company through the Representatives by or on behalf of any Underwriter specifically for inclusion therein, which information is specified in Section 8(g).

(ix) Each Issuer Free Writing Prospectus conformed or will conform in all material respects to the requirements of the Securities Act and the Rules and Regulations on the date of first use, and the Company has complied with any filing requirements applicable to such Issuer Free Writing Prospectus pursuant to the Rules and Regulations. The Company has not made any offer relating to the Bonds that would constitute an Issuer Free Writing Prospectus without the prior written consent of the Representatives. The Company has retained in accordance with the Rules and Regulations all Issuer Free Writing Prospectuses that were not required to be filed pursuant to the Rules and Regulations. Schedule II hereto includes a complete list of all Issuer Free Writing Prospectuses used in connection with the offering of the Bonds.

(x) The Company has been duly formed, is validly existing as a New Hampshire corporation in good standing under the laws of New Hampshire, has the power and authority to own its property and to conduct its business as described in the Pricing Disclosure Package and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company. The Company possesses such material certificates, authorizations, franchises or permits issued by the appropriate state or federal regulatory authorities or bodies as are necessary to conduct its business as currently conducted.

(xi) The Company has no subsidiaries other than PSNH Funding LLC, PSNH Funding LLC 2 and Properties, Inc. PSNH Funding LLC, PSNH Funding LLC 2 and Properties, Inc. possess such material certificates, authorizations, franchises or permits issued by the appropriate state or federal regulatory authorities or bodies as are necessary to conduct its business as currently conducted.

(xii) This Agreement has been duly authorized, executed and delivered by the Company.

(xiii) The Indenture dated as of August 15, 1978, as amended, between the Company and U.S. Bank National Association, as successor trustee (the “Trustee”), as supplemented and previously amended by various supplemental indentures and as to be supplemented by the Sixteenth Supplemental Indenture, to be dated as of May 1, 2008, establishing the terms of the Bonds (the “Indenture”) has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors’ rights generally and general principles of equity.

(xiv) The Bonds have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be entitled to the benefits and security of the Indenture, equally and ratably with the first mortgage bonds of other series presently secured by the Indenture, and will be valid and binding obligations of the Company, in each case enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors’ rights generally and general principles of equity.

(xv) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Indenture and the Bonds will not contravene any provision of applicable law or the Articles of Incorporation or By-laws of the Company or any agreement or other instrument binding upon the Company that is material to the Company, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, the Indenture or the Bonds, except for (i) the order of the New Hampshire Public Utilities Commission, dated August 3, 2007, as amended by the Amended Orders dated January 30, 2008 and April 14, 2008 (the “NHPUC Order”), (ii) the order issued by the Maine Public Utilities Commission in Docket No. 98-182 on March 31, 1998 (the “MPUC Order”), (iii) the order issued by the Vermont Public Service Board (the “VPSB”), dated August 22, 2007, as amended by the Amended Orders dated September 12, 2007 and January 18, 2008 (the “VPSB Order”), (iv) such as have been obtained under the Securities Act and (v) such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Bonds. The NHPUC Order, the MPUC Order and the VPSB Order are in

full force and effect and are sufficient to authorize the Company to issue the Bonds and to perform its obligations under the Bonds, the Indenture, and this Agreement and are final and not subject to rehearing or appeal (with the exception of the May 12, 2008 Amended Order portion of the VPSB Order, for which the periods for appeal and reconsideration will expire on June 11, 2008).

(xvi) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company, from that set forth in the Pricing Disclosure Package.

(xvii) There are no legal or governmental proceedings pending or threatened to which the Company is a party or to which any of the properties of the Company is subject that are required to be described in the Registration Statement or the Pricing Disclosure Package and are not so described or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Pricing Disclosure Package.

(xviii) Each Preliminary Prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the Rules and Regulations.

(xix) The Company is not and, after giving effect to the offering and sale of the Bonds and the application of the proceeds thereof as described in the most recent Preliminary Prospectus and the Prospectus, will not be an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(xx) Except as disclosed in the Pricing Disclosure Package and the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), there are no costs or liabilities associated with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws") (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the Company.

(xxi) As of the date of the Company's most recent certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Company maintains systems of internal accounting controls and processes sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles; and (iii) assets are safeguarded from loss or unauthorized use. The Company evaluated the design and operation of their disclosure controls and procedures to determine whether they are effective in ensuring that the disclosure of required information is timely made in accordance with the Exchange Act and the rules and forms of the Commission. These evaluations were made under the supervision and with the participation of management, including the principal executive officer and principal financial officer of the Company, within the 45-day period prior to the filing of the most recent Quarterly Report on Form 10-Q. The principal executive officer and principal financial officer have concluded, based on their review, that the disclosure controls and procedures, as defined by Exchange Act Rules 13a-15(e) and 15(d)-14(c), are effective to ensure that information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Commission rules and forms. No significant changes were made to the Company's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation.

(xxii) The financial statements and the related notes thereto incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as applicable, and present fairly the financial position of the Company and its subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby, and the supporting schedules included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly the information required to be stated therein; and the other financial information included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its subsidiaries and presents fairly the information shown thereby.

(xxiii) Deloitte and Touche LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent registered public accountants with respect to the Company and its subsidiaries as required by the Securities Act.

(xxiv) The Indenture constitutes a direct and valid first mortgage lien, subject only to liens permitted by the Indenture (including “permitted liens” as defined in the Indenture) on that portion of the Trust Estate (as defined below) located in the State of New Hampshire, the State of Maine, or the State of Vermont and under existing New Hampshire, Maine, and Vermont law, as applicable, will, subject only to such liens permitted by the Indenture and subject to the provisions of the Federal Bankruptcy Code with respect to liens on property purporting to attach after the date of the commencement of proceedings thereunder, constitute a similar lien at the time of acquisition on all similar properties and assets of the Company acquired after the date hereof located within the State of New Hampshire, the State of Maine, or the State of Vermont and required by the Indenture to be subjected to the lien thereof, except real property in Maine or Vermont acquired after the date hereof until the filing of a supplemental indenture specifically subjecting such real property to such lien, and other than the properties and assets of the character excluded or excepted from the lien thereof (it being understood, however, that (i) under certain limited circumstances, the lien of the Indenture on real property in New Hampshire and personal property located thereon could be subordinated to a lien in favor of the State of New Hampshire pursuant to New Hampshire Revised Statutes Annotated 147-B:10-b, as amended, for expenses incurred in containing or removing hazardous waste or materials, and any necessary mitigation of damages with respect to hazardous waste or materials and (ii) under certain limited circumstances the lien of the Indenture on real property in Maine could be subordinated to a lien in favor of the State of Maine pursuant to Maine Revised Statutes Annotated, Title 38, Section 1371 providing for such a lien for costs of abatement, cleanup or mitigation of hazardous substances).

(xxv) The Company has not distributed and, prior to the later to occur of the Closing Date and completion of the distribution of the Bonds, will not distribute any offering material in connection with the offering and sale of the Bonds other than the Registration Statement, the Preliminary Prospectus, the Prospectus and the Issuer Free Writing Prospectus set forth on Schedule II hereto.

Any certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Bonds shall be deemed a representation and warranty by the Company, as to

matters covered thereby, to each Underwriter.

(b) Each Underwriter hereby agrees that, except for one or more term sheets containing the information set forth in Exhibits A and B to Schedule II hereto, it will not use, authorize use of, refer to, or participate in the use of, any “free writing prospectus”, as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) one or more term sheets relating to the Bonds which are not Issuer Free Writing Prospectuses and which contain preliminary terms of the Bonds and related customary information, (ii) a free writing prospectus that is not required to be filed with the Commission, (iii) a free writing prospectus that contains no “issuer information” (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in any Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (iv) any Issuer Free Writing Prospectus prepared pursuant to Section 7(c) hereof, or (v) any free writing prospectus prepared by such Underwriter and approved by the Company in advance in writing.

4. *Terms of Public Offering.* The Company is advised by the Underwriters that they have made a public offering of the Bonds on the date of this Agreement. The terms of the public offering of the Bonds are set forth in the Pricing Disclosure Package.

5. *Payment and Delivery.* Except as otherwise provided in this Section 5, payment for the Bonds shall be made to the Company in Federal or other funds immediately available at the time (the “Closing Date”) and place set forth in **Schedule III hereto, upon delivery to the Representatives of the Bonds, in fully registered global form registered in the name of Cede & Co., for the respective accounts of the several Underwriters of the Bonds registered in such names and in such denominations as the Representatives shall request in writing not less than the business day immediately preceding the date of delivery, with any transfer taxes payable in connection with the transfer of the Bonds to the Underwriters duly paid. Delivery of the Bonds shall be made through the facilities of The Depository Trust Company unless the Representatives shall otherwise instruct.**

6. *Conditions to the Underwriters’ Obligations.* The obligations of the Underwriters are subject to the following conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) there shall not have occurred any downgrading or withdrawal, nor shall any notice have been given of any intended

or potential downgrading or withdrawal or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(ii) any Preliminary Prospectus and the Prospectus shall have been timely filed with the Commission in accordance with Section 7(b); the Company shall have complied with all filing requirements applicable to any Issuer Free Writing Prospectus; no stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of the Prospectus or any Issuer Free Writing Prospectus shall have been issued and no proceeding for such purpose or pursuant to Section 8A of the Act against the Company or related to the offering shall have been initiated or threatened by the Commission; and any request of the Commission for inclusion of additional information in the Registration Statement or Prospectus or otherwise shall have been complied with; and the Company has not received from the Commission any notice pursuant to Rule 401(g)(2) of the Securities Act objecting to use of the automatic shelf registration statement form; and

(iii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company, from that set forth in the Pricing Disclosure Package that, in the judgment of the Representatives, is material and adverse and that makes it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in Sections 6(a)(i) and (ii) above and to the effect that (i) the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date and (ii) since the Effective Date, no event has occurred that should have been set forth in a supplement or amendment to the Registration Statement, the Prospectus or

any Issuer Free Writing Prospectus that has not been so set forth. The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(c) At the Closing Date, the Bonds shall be rated at least BBB+ by S&P, Baa1 by Moody's and BBB+ by Fitch, and the Company shall have delivered to the Underwriters a letter, dated the Closing Date, from each such rating agency, or other evidence reasonably satisfactory to the Underwriters, confirming that the Bonds have been assigned such ratings;

(d) The Underwriters shall have received on the Closing Date a legal opinion or legal opinions from Jeffrey C. Miller, Esq., Assistant General Counsel of Northeast Utilities Service Company, counsel to the Company, or other counsel reasonably acceptable to the Underwriters, dated the Closing Date, to the effect that:

(i) the Company has been duly formed, is validly existing as a New Hampshire corporation in good standing under the laws of New Hampshire, has the power and authority to own its property and to conduct its business as described in the Pricing Disclosure Package and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company; the Company possesses such material certificates, authorizations, franchises or permits issued by the appropriate state or federal regulatory authorities or bodies as are necessary to conduct its business as currently conducted;

(ii) this Agreement has been duly authorized, executed and delivered by the Company;

(iii) the Indenture has been (A) duly qualified under the Trust Indenture Act and (B) duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity;

(iv) the Bonds have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in

accordance with the terms of this Agreement, will be entitled to the benefits and security of the Indenture, equally and ratably with the first mortgage bonds of other series presently secured by the Indenture, and will be valid and binding obligations of the Company, in each case enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity;

(v) (A) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Indenture and the Bonds will not contravene any provision of applicable law or the Articles of Incorporation or By-laws of the Company or, to the best of such counsel's knowledge, any agreement or other instrument binding upon the Company that is material to the Company, or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company, and (B) no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, the Indenture and the Bonds, except for the NHPUC Order, the MPUC Order and the VPSB Order, such as have been obtained under the Securities Act and such as may be required by the securities or Blue Sky laws of the various states, as to which such counsel need express no opinion, in connection with the offer and sale of the Bonds. The NHPUC Order, MPUC Order and VPSB Order are in full force and effect and are sufficient to authorize the Company to issue the Bonds and to perform its obligations under the Bonds, the Indenture, and this Agreement and are final and not subject to rehearing or appeal (with the exception of the May 12, 2008 Amended Order portion of the VPSB Order, for which the periods for appeal and reconsideration will expire on June 11, 2008). Pursuant to Vermont law, any person who has participated in the VPSB proceeding and who is adversely affected by a final decision of the VPSB is deemed a party for the purposes of reconsideration and taking an appeal. Only parties may appeal from, or seek reconsideration of, the VPSB Order. The Vermont Department of Public Service (the "VDPS") is the only party that participated in the proceeding that culminated in the May 12, 2008 Amended Order portion of the VPSB Order that might appeal, other than the Company, and the VDPS has validly waived its right to request reconsideration of or to appeal the May 12, 2008 Amended Order portion of the VPSB Order;

(vi) the statements (A) in the Pricing Disclosure Package and the Prospectus under the captions “Description of Securities Registered—Public Service Company of New Hampshire—The PSNH Bonds”, “Underwriting” and “Description of the New Bonds” (other than under the subcaptions “— Global Securities” and “—Certain Notices,” as to which such counsel need express no opinion) (B) in the Registration Statement under Item 15, (C) in “Item 3 - Legal Proceedings” of the Company’s most recent annual report on Form 10-K incorporated by reference in the Pricing Disclosure Package and the Prospectus and (D) in “Item 1 - Legal Proceedings” of Part II of the Company’s quarterly reports on Form 10-Q, if any, filed since such annual report, in each case insofar as such statements constitute summaries of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings as of the dates of such reports and fairly summarize the matters referred to therein as of the dates of such reports;

(vii) after due inquiry, such counsel does not know of any legal or governmental proceedings pending or threatened to which the Company is a party or to which any of the properties of the Company is subject that are required to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus or to be filed or incorporated by reference as exhibits to the Registration Statement that are not described, filed or incorporated as required;

(viii) the Company is not and, after giving effect to the offering and sale of the Bonds and the application of the proceeds thereof as described in the Pricing Disclosure Package and the Prospectus, will not be an “investment company” as such term is defined in the Investment Company Act of 1940, as amended;

(ix) except as disclosed in the Pricing Disclosure Package and the Prospectus, the Company (A) is in compliance with any and all applicable Environmental Laws, (B) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business and (C) is in compliance with all terms and conditions of any such permit,

license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Company;

(x) the Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, no order directed to the adequacy of any document incorporated by reference in the Pricing Disclosure Package and the Prospectus has been issued by the Commission and no proceedings for either such purpose or pursuant to Section 8A of the Act against the Company or related to the offering are pending before or threatened by the Commission;

(xi) such counsel (A) is of the opinion that each document filed pursuant to the Exchange Act and incorporated by reference in the Pricing Disclosure Package and the Prospectus and any amendment or supplement thereto (except for financial statements, schedules and other financial or statistical data contained or incorporated by reference in the Registration Statement, the Pricing Disclosure Package or the Prospectus or any amendment to the Prospectus, as to which such counsel need not express any opinion) complied when so filed as to form in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder and (B) is of the opinion that the Registration Statement, on the Effective Date, and Prospectus, at the time it was filed with the Commission pursuant to Rule 424(b) (except for financial statements, schedules and other financial or statistical data contained or incorporated by reference in the Registration Statement, the Pricing Disclosure Package or the Prospectus, as to which such counsel need not express any opinion), complied as to form in all material respects with the Securities Act and the Rules and Regulations;

(xii) the property specifically described as the trust estate in the Indenture (the "Trust Estate") located in New Hampshire, Maine, and Vermont constitutes all of the utility franchises held by the Company and all of the Company's principal properties and substantially all of the property used by the Company in its business other than the exceptions explicitly stated in the Indenture;

(xiii) the manner in which the Trust Estate is described in

the granting clauses of the Indenture is adequate for the purpose of creating the lien described in subparagraph (xiv) below on the portion of such property located in the State of New Hampshire, the State of Maine, or the State of Vermont; and

(xiv) the Indenture constitutes a direct and valid first mortgage lien, subject only to liens permitted by the Indenture (including “permitted liens” as defined in the Indenture) on that portion of the Trust Estate located in the State of New Hampshire, the State of Maine, or the State of Vermont and under existing New Hampshire, Maine, and Vermont law, as applicable, will, subject only to such liens permitted by the Indenture and subject to the provisions of the Federal Bankruptcy Code with respect to liens on property purporting to attach after the date of the commencement of proceedings thereunder, constitute a similar lien at the time of acquisition on all similar properties and assets of the Company acquired after the date hereof located within the State of New Hampshire, the State of Maine, or the State of Vermont and required by the Indenture to be subjected to the lien thereof, except real property in Maine or Vermont acquired after the date hereof until the filing of a supplemental indenture specifically subjecting such real property to such lien, and other than the properties and assets of the character excluded or excepted from the lien thereof (it being understood, however, that (i) under certain limited circumstances, the lien of the Indenture on real property in New Hampshire and personal property located thereon could be subordinated to a lien in favor of the State of New Hampshire pursuant to New Hampshire Revised Statutes Annotated 147-B:10-b, as amended, for expenses incurred in containing or removing hazardous waste or materials, and any necessary mitigation of damages with respect to hazardous waste or materials and (ii) under certain limited circumstances the lien of the Indenture on real property in Maine could be subordinated to a lien in favor of the State of Maine pursuant to Maine Revised Statutes Annotated, Title 38, Section 1371 providing for such a lien for costs of abatement, cleanup or mitigation of hazardous substances); no liens of the type referred to in the immediately preceding parenthetical have been recorded, or, to such counsel’s knowledge, threatened to be recorded, by the State of New Hampshire or the State of Maine, as applicable, against any of the Company’s New Hampshire or Maine properties; and the Indenture, and/or one or more appropriate certificates and/or financing statements with respect thereto, has been duly recorded or filed for recordation in all places within the State of New Hampshire, the State of Maine,

and the State of Vermont in which such recording or filing is required to protect and preserve the lien of the Indenture on said properties and assets of the Company located in New Hampshire, Maine, and Vermont which are presently subject thereto, and all New Hampshire, Maine, and Vermont taxes and fees required to be paid with respect to the execution and recording of the Indenture and the issuance of the Bonds have been paid (other than in connection with or in compliance with the provisions of the state securities or "Blue Sky" laws of any jurisdiction, as to which counsel need not express an opinion).

Such counsel shall also state that he has no reason to believe that (except for financial statements, schedules and other financial or statistical data contained or incorporated by reference in the Registration Statement, Pricing Disclosure Package or Prospectus, and except for that part of the Registration Statement that constitutes the Form T-1, as to all of which such counsel need not express any belief):

(A) any part of the Registration Statement, as of the Effective Date, contained any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading,

(B) the Pricing Disclosure Package, as of the Applicable Time, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or

(C) the Prospectus, as of its date and as of the date such opinion is delivered, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Such counsel may state that his belief is based upon his participation in the preparation of the Registration Statement, the Pricing Disclosure Package and the Prospectus and documents incorporated therein by reference and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

Insofar as Mr. Miller's opinion relates to matters governed by the law of the State of New Hampshire, he may rely on the opinions of even date therewith of Catherine E. Shively, Esq., Senior Counsel of Northeast

Utilities Service Company, Robert A. Bersak, Assistant General Counsel of Northeast Utilities Service Company and Sulloway & Hollis, P.L.L.C., counsel for the Company, each as addressed to him. Insofar as Mr. Miller's opinion relates to matters governed by the law of the State of Maine he may rely on the opinion of even date therewith of Drummond Woodsum & MacMahon, counsel for the Company, and for matters governed by the law of the State of Vermont, he may rely on the opinion of even date therewith of Zuccaro, Willis & Bent, counsel for the Company, each as addressed to him. Each of the foregoing opinions shall be addressed to or shall allow the Underwriters to rely on such opinion as if they were an addressee thereto.

The opinion(s) of Counsel described in Section 6(d) above shall be rendered to the Underwriters at the request of the Company and shall so state therein

(e) The Underwriters shall have received from Pillsbury Winthrop Shaw Pittman LLP, special counsel for the Underwriters, an opinion dated the Closing Date and addressed to the Underwriters, with respect to such matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(f) The Underwriters shall have received on the date hereof and on the Closing Date, letters, the first dated the date hereof and the second dated the Closing Date, each in form and substance satisfactory to the Underwriters, from Deloitte & Touche LLP, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the most recent Preliminary Prospectus, the Pricing Disclosure Package and the Prospectus.

If any of the conditions specified in this Section 6 shall not have been fulfilled when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the Company in writing or by telephone or facsimile confirmed in writing.

7. *Covenants of the Company.* In further consideration of the agreements of the Underwriters herein contained, the Company covenants with

each Underwriter as follows:

(a) To furnish the Representatives, without charge, one (1) signed copy of the Registration Statement (including exhibits thereto) and, for delivery to each other Underwriter, a conformed copy of the Registration Statement (without exhibits thereto) and to furnish the Representatives in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 7(e) below, as many copies of the Preliminary Prospectus, Prospectus, each Issuer Free Writing Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto or to the Registration Statement as the Representatives may reasonably request.

(b) To prepare any Preliminary Prospectus and the Prospectus in a form approved by the Representatives and to file any such Preliminary Prospectus and the Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement. If, at any time prior to the filing of the Prospectus pursuant to Rule 424(b), any event shall occur or condition exist as a result of which the Pricing Disclosure Package would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made or the circumstances then prevailing not misleading, the Company will (i) notify promptly the Representatives so that any use of the Pricing Disclosure Package may cease until it is amended or supplemented; (ii) amend or supplement the Pricing Disclosure Package to correct such statement or omission; and (iii) supply any amendment or supplement to the Underwriters in such quantities as the Representatives may reasonably request.

(c) If required by the Securities Act, to timely file with the Commission under the Securities Act each Issuer Free Writing Prospectus. The Company will prepare a final term sheet, containing solely a description of the Bonds, substantially in the form of Exhibit A to Schedule II hereto, in a form approved by the Representatives and to file such final term sheet pursuant to Rule 433 (d) under the Act within the time required by such Rule and to file all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act.

(d) Before amending or supplementing the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or

the Prospectus with respect to the Bonds, to furnish to the Representatives a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which the Representatives reasonably objects.

(e) If, during such period after the first date of the public offering of the Bonds as in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered (including in such circumstances where such requirement can be satisfied pursuant to Rule 172) in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Representatives will furnish to the Company) to which Bonds may have been sold by the Representatives on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law.

(f) To endeavor to qualify the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request; provided, however, that the Company shall not be required to qualify as a foreign corporation or to file a consent to service of process or to file annual reports or to comply with any other requirements deemed by the Company in its reasonable judgment to be unduly burdensome.

(g) Not to make any offer relating to the Bonds that would constitute an Issuer Free Writing Prospectus without the prior written consent of the Representatives.

(h) To retain in accordance with the Rules and Regulations all Issuer Free Writing Prospectuses it uses or refers to; and if at any time after the date hereof any event shall have occurred as a result of which any Issuer Free Writing Prospectus, as then amended or supplemented, would conflict with the information in the Registration Statement, the most recent Preliminary Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in

order to make the statements therein, in the light of the circumstances under which they were made not misleading or, if for any other reason it shall be necessary to amend or supplement any Issuer Free Writing Prospectus, to notify the Representatives and, upon their request, to file such document and to prepare and furnish without charge to each Underwriter as many copies as the Representatives may from time to time reasonably request of an amended or supplemented Issuer Free Writing Prospectus that will correct such conflict, statement or omission or effect such compliance.

(i) To make generally available to the Company's security holders, as soon as practicable, an earning statement (which need not be audited) covering a period of at least twelve months beginning after the "effective date of the registration statement" within the meaning of Rule 158 under the Securities Act, which earning statement shall be in such form, and be made generally available to security holders in such a manner, as to meet the requirements of the last paragraph of Section 11(a) of the Securities Act and Rule 158 under the Securities Act.

(j) During the period beginning on the date of this Agreement and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any debt securities of the Company or warrants to purchase debt securities of the Company substantially similar to the Bonds (other than (i) the Bonds and (ii) commercial paper issued in the ordinary course of business), without the prior written consent of the Representatives.

(k) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Bonds under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Bonds to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or legal investment memorandum in connection with the offer and sale of the Bonds under state law and all expenses in connection with the qualification of the Bonds for offer and

sale under state law as provided in Section 7(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters not to exceed \$10,000 in connection with such qualification and in connection with the Blue Sky or legal investment memorandum, (iv) the fees and disbursements of the Company's accountants and the Trustee and its counsel, (v) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with any review and qualification of the offering of the Bonds by the National Association of Securities Dealers, Inc., (vi) any fees charged by the rating agencies for the rating of the Bonds and (vii) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 8 entitled "Indemnity and Contribution", and clause (b) of Section 10 entitled "Defaulting Underwriters" below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel (except as set forth in this Section 7(k)), and any advertising expenses connected with any offers they may make.

(l) The Company will comply with all applicable securities and other applicable laws, rules and regulations, including, without limitation, the Sarbanes-Oxley Act, and will use its best efforts to cause the Company's directors and officers, in their capacities as such, to comply with such laws, rules and regulations, including, without limitation, the provisions of the Sarbanes-Oxley Act.

(m) The Company will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Bonds.

(n) If the supplemental indenture establishing the terms of the Bonds (the "**Supplemental Indenture**") is not recorded prior to the Closing Date, then (1) within 10 days after the Closing Date, the Company shall deliver such Supplemental Indenture in recordable form to the appropriate real estate recording office in all jurisdictions specified in such Supplemental Indenture for recording and deliver to the office of the Secretary of State of the State of New Hampshire a UCC-1 financing statement relating to the Supplemental Indenture for filing in such office and (2) within 25 days after the Closing Date, the Company shall deliver to counsel to the Underwriters a certificate signed by an officer of the Company certifying that the actions required by the foregoing clause (1) have been taken. The Company shall further provide counsel to the

Underwriters, as soon as it is available, a copy of the related opinion of counsel contemplated by Section 5.8(b) of the Indenture. To the extent not covered in the opinion described in the previous sentence, the Company shall also provide counsel to the Underwriters, concurrently with the furnishing of such opinion, a list of the recording information for all such filings.

(o) The Company will pay the applicable Commission filing fees relating to the Bonds within the time required by Rule 456(b)(1) without regard to the proviso thereof.

(p) If immediately prior to the third anniversary (the “**Renewal Deadline**”) of the initial effective date of the Registration Statement, any of the Bonds remain unsold by the Underwriters, the Company will, prior to the Renewal Deadline, file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Bonds, in a form satisfactory to the Representatives. If the Company is no longer eligible to file an automatic shelf registration statement, the Company will prior to the Renewal Deadline, if it has not already done so, file a new shelf registration statement relating to the Bonds, in a form satisfactory to the Representatives, and will use its best efforts to cause such registration statement to be declared effective within 60 days after the Renewal Deadline. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Bonds to continue as contemplated in the expired registration statement relating to the Bonds. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be.

(q) If at any time when Bonds remain unsold by the Underwriters the Company receives from the Commission a notice pursuant to Rule 401(g)(2) or otherwise ceases to be eligible to use the automatic shelf registration statement form, the Company will (i) promptly notify the Representatives, (ii) promptly file a new registration statement or post-effective amendment on the proper form relating to the Bonds, in a form satisfactory to the Representatives, (iii) use its best efforts to cause such registration statement or post-effective amendment to be declared effective and (iv) promptly notify the Representatives of such effectiveness. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Bonds to continue as contemplated in the registration statement that was the subject of the Rule 401(g)(2) notice or for which the Company has otherwise become ineligible. References herein to the Registration Statement shall include such new registration statement or post-effective amendment, as the case may be.

8. *Indemnity and Contribution.* (a) The Company agrees to indemnify and hold harmless each Underwriter, its directors, officers and employees and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities when and as incurred by them (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) that are based upon or arise out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, the Pricing Disclosure Package, any Issuer Free Writing Prospectus or in any amendment or supplement thereto, or any “issuer information” (as defined in Rule 433) contained in any free writing prospectus, so long as the Company consented in writing to such free writing prospectus prior to its first use (“**Permitted Issuer Information**”) or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein, which information consists solely of the information specified in Section 8(g).

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, any Preliminary Prospectus, the Prospectus, the Pricing Disclosure Package, any Issuer Free Writing Prospectus or in any amendments or supplements thereto, which information is limited to the information set forth in Section 8(g).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either Section 8(a) or 8(b), such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing (but the omission so to notify the indemnifying party under this subsection shall not relieve it from any liability which it otherwise might have to an indemnified party otherwise than under this subsection) and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent

the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (iii) the indemnifying party has not retained counsel within a reasonable period of time after the request by the indemnified party to do so. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Representatives, in the case of parties indemnified pursuant to Section 8(a) above, and by the Company, in the case of parties indemnified pursuant to Section 8(b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in Section 8(a) or 8(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Bonds or (ii) if the allocation provided by clause 8(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of each indemnifying party on the one hand and each indemnified party on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or

liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Bonds shall be deemed to be in the same respective proportions as the net proceeds from the offering of such Bonds (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus Supplement, bear to the aggregate public offering price of the Bonds. The relative fault of each indemnifying party on the one hand and each indemnified party on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 8 are several in proportion to the respective principal amounts of Bonds they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 8 were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Bonds underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 8 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or the

Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Bonds.

(g) The Underwriters severally confirm and the Company acknowledges and agrees that the statements regarding (i) delivery of the Bonds by the Underwriters set forth in the last paragraph of text on the cover page, (ii) in the third and fifth paragraphs of text under the caption "Underwriting" appearing on page S-22 and (iii) in the third sentence of the fourth paragraph of text under the caption "Underwriting" appearing on page S-22 of the most recent Preliminary Prospectus are correct and constitute the only information concerning such Underwriter furnished in writing to the Company by or on behalf of the Underwriters specifically for inclusion in the Registration Statement, any Preliminary Prospectus, the Prospectus, the Pricing Disclosure Package, any Issuer Free Writing Prospectus or in any amendment or supplement thereto.

9. *Termination.* This Agreement shall be subject to termination by notice given by the Representatives to the Company, if (a) after the execution and delivery of this Agreement and on or prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the Financial Industry Regulatory Authority, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade or there shall have been established by any of such exchanges or by the Commission or by any federal or state agency or by the decision of any court, any general limitation on prices for such trading or any general restrictions on the distribution of securities, (ii) trading of any securities of the Company or Northeast Utilities shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities, (iv) there shall have occurred any (A) outbreak of hostilities affecting the United States, or (B) other national or international calamity or crisis, or any material adverse change in financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date of this Agreement, or (v) there shall have occurred any material disruption in commercial banking securities settlement or clearance services and (b) in the case of any of the events specified in clauses 9(a)(i) through 9(a)(v), such event, singly or together with any other such event, makes it impracticable or inadvisable, in the judgment of the Representatives, to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the most recent Preliminary Prospectus or the Prospectus.

10. *Defaulting Underwriters.* (a) If, on the Closing Date, any one or more of the Underwriters shall fail or refuse to purchase the Bonds set forth opposite the name of such Underwriter or Underwriters in Schedule I hereto that it has or

they have agreed to purchase hereunder on such date, and the aggregate amount of such Bonds which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate amount of the Bonds of such Underwriter or Underwriters to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the amount of such Bonds set forth opposite their respective names in Schedule I hereto bears to the aggregate amount of such Bonds set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the Bonds which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided that* in no event shall the amount of the Bonds that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 10 by an amount in excess of one-ninth of such amount of such Bonds without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase such Bonds and the aggregate amount of such Bonds with respect to which such default occurs is more than one-tenth of the aggregate amount of such Bonds to be purchased on such date, and arrangements satisfactory to the Representatives and the Company for the purchase of such Bonds are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either the Representatives or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

(b) If this Agreement shall be terminated by the Underwriters because any condition to the obligation of the Underwriters set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 9 hereof or because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters for all out of pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

11. *No Fiduciary Duty.* The Company acknowledges and agrees that in connection with this offering, sale of the Bonds or any other services the Underwriters may be deemed to be providing hereunder, notwithstanding any preexisting relationship, advisory or otherwise, between the parties or any oral representations or assurances previously or subsequently made by the Underwriters: (i) no fiduciary or agency relationship between the Company, on the one hand, and the Underwriters, on the other,

exists; (ii) the Underwriters are not acting as advisors, expert or otherwise, to the Company, including, without limitation, with respect to the determination of the public offering price of the Bonds, and such relationship between the Company, on the one hand, and the Underwriters, on the other, is entirely and solely commercial and based on arms-length negotiations; (iii) any duties and obligations that the Underwriters may have to the Company shall be limited to those duties and obligations specifically stated herein; and (iv) the Underwriters and their respective affiliates may have interests that differ from those of the Company. The Company hereby waives any claims that the Company may have against the Underwriters with respect to any breach of fiduciary duty in connection with this offering.

12. *Representations and Indemnities to Survive.* The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of the officers, directors, employees, agents or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the Bonds. The provisions of Sections 8 and 10(b) hereof shall survive the termination or cancellation of this Agreement

13. *Notices.* All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives, will be mailed, delivered or telefaxed to Barclays Capital Inc., 200 Park Avenue, New York, New York 10166, Attention: Investment Grade Syndicate (facsimile: (212) 412-7305) and BNY Mellon Capital Markets, LLC, One Wall Street, 17th Floor, New York, NY 10286, Attention: Fixed Income Syndicate (facsimile:(212) 635-8525); or, if sent to the Company, will be mailed, delivered or telefaxed to Public Service Company of New Hampshire, Attention: Assistant Treasurer (facsimile: (860) 665-5457), with a copy to the General Counsel at the same address and confirmed to it at Public Service Company of New Hampshire, c/o Northeast Utilities Service Company, 107 Selden Street, Berlin, Connecticut 06037, Attention: Assistant Treasurer.

14. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

16. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

17. *Sales by BNY Mellon Capital Markets, LLC.* Sales of the Bonds by BNY Mellon Capital Markets, LLC will be effected by Broadpoint Capital, Inc. as distribution agent.

Please confirm your agreement by having an authorized officer sign a copy of this Agreement in the space set forth below.

Very truly yours,

BARCLAYS CAPITAL INC.
BNY MELLON CAPITAL MARKETS, LLC
TD SECURITIES (USA) LLC
WEDBUSH MORGAN SECURITIES INC.

Barclays Capital Inc.

By: *Pamela Kendall*
Name: **Pamela Kendall**
Title: **Director**

BNY Mellon Capital Markets, LLC

By: _____
Name:
Title:

As representatives of the several
Underwriters

Accepted and agreed:

**PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE**

By: _____
Name:
Title:

Please confirm your agreement by having an authorized officer sign a copy of this Agreement in the space set forth below.

Very truly yours,

BARCLAYS CAPITAL INC.
BNY MELLON CAPITAL MARKETS, LLC
TD SECURITIES (USA) LLC
WEDBUSH MORGAN SECURITIES INC.

Barclays Capital Inc.

By: _____

Name:

Title:

BNY Mellon Capital Markets, LLC

By: *Phil Benedict*

Name: *Phil Benedict*

Title: *VP*

As representatives of the several
Underwriters

Accepted and agreed:

**PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE**

By: _____

Name:

Title:

Please confirm your agreement by having an authorized officer sign a copy of this Agreement in the space set forth below.

Very truly yours,

BARCLAYS CAPITAL INC.
BNY MELLON CAPITAL MARKETS, LLC
TD SECURITIES (USA) LLC
WEDBUSH MORGAN SECURITIES INC.

Barclays Capital Inc.

By: _____

Name:

Title:

BNY Mellon Capital Markets, LLC

By: _____

Name:

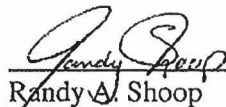
Title:

As representatives of the several
Underwriters

Accepted and agreed:

**PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE**

By: _____



Randy A. Shoop
Vice President and Treasurer

SCHEDULE I

<u>Underwriters</u>	<u>Principal Amount of Bonds</u>
Barclays Capital Inc.	\$ 38,500,000
BNY Mellon Capital Markets, LLC.....	\$ 38,500,000
TD Securities (USA) LLC.....	\$ 16,500,000
Wedbush Morgan Securities Inc.	\$ 16,500,000
TOTAL.....	\$ 110,000,000

SCHEDULE II

Complete list of all Issuer Free Writing Prospectuses used in connection with the offering of the Bonds

- Term sheet, dated May 19, 2008, attached hereto as Exhibit A, relating to the Bonds.

Exhibit A to Schedule II

Free Writing Prospectus
Filed pursuant to Rule 433
Registration No. 333-141425-01

May 19, 2008

Public Service Company of New Hampshire

Pricing Term Sheet

Issuer:	Public Service Company of New Hampshire
Security:	\$110,000,000 6.00% First Mortgage Bonds, Series O, due 2018
Maturity:	May 1, 2018
Coupon:	6.00%
Price to Public:	99.762% of face amount
Yield to Maturity:	6.033%
Spread to Benchmark Treasury:	+215 basis points
Benchmark Treasury:	3.875% due May 15, 2018
Benchmark Treasury Yield:	3.883%
Interest Payment Dates:	November 1 and May 1, commencing November 1, 2008
Redemption Provisions:	
Make-whole call:	At any time at a discount rate of Treasury plus 35 basis points
Settlement:	May 27, 2008 (T + 5)
CUSIP:	744482 BJ8
Ratings:	Baa1 by Moody's Investors Service BBB+ by Standard & Poor's Ratings Services BBB+ by Fitch Ratings
Joint Book-Running Managers:	Barclays Capital Inc. BNY Mellon Capital Markets, LLC
Co-Managers:	TD Securities (USA) LLC Wedbush Morgan Securities Inc.

Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The issuer has filed a registration statement (including a prospectus) with the Securities and Exchange Commission (SEC) for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by

calling Barclays Capital Inc. toll free at 1-888-227-2275, Ext. 2663 or BNY Mellon Capital Markets, LLC toll free at 1- 800-269-6864.

SCHEDULE III

Closing Date and Location:

10:00 a.m., New York time.
May 27, 2008
Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway
New York, New York 10036

Purchase Price for the Bonds: 99.112% of the principal amount
thereof

PUBLIC SERVICE COMPANY
OF NEW HAMPSHIRE
AND
U.S. BANK NATIONAL ASSOCIATION,

Successor to WACHOVIA BANK, NATIONAL ASSOCIATION

and to FIRST UNION NATIONAL BANK

Formerly Known as FIRST FIDELITY BANK, NATIONAL ASSOCIATION,
NEW JERSEY

Successor to BANK OF NEW ENGLAND, NATIONAL ASSOCIATION
(Formerly Known as NEW ENGLAND MERCHANTS NATIONAL BANK)

and to

NEW BANK OF NEW ENGLAND, NATIONAL ASSOCIATION, TRUSTEE

SIXTEENTH SUPPLEMENTAL INDENTURE

Dated as of May 1, 2008

TO ISSUE SERIES O
FIRST MORTGAGE BONDS

\$110,000,000 First Mortgage Bonds, Series O, Due 2018

TABLE OF CONTENTS

	Page
Date and Parties	
Recitals	1
Granting Clauses	2
Exceptions	4
Habendum	4
Declaration in Trust.....	4
ARTICLE 1 - SERIES O BONDS	
1.01 Designation; Amount	4
1.02 Form of Series O Bonds; Global Security; Depository for Global Securities.....	5
1.03 Provisions of Series O Bonds; Interest Accrual	5
1.04 Transfer and Exchange of Series O Bonds.....	6
1.05 Redemption of the Series O Bonds	6
1.06 Effect of Event of Default	8
1.07 Payment Date Not a Business Day.....	8
1.08 Amendment and Restatement of Mortgage Indenture	8
ARTICLE 2 – MISCELLANEOUS PROVISIONS	
2.01 Recitals	9
2.02 Benefits of Sixteenth Supplemental Indenture.....	9
2.03 Effect of Sixteenth Supplemental Indenture	9
2.04 Termination	10
2.05 Trust Indenture Act	10
2.06 Counterparts	10
2.07 Notices.....	10
2.08 Definitions	10
Testimonium	
Signatures	
Schedule A - Form of Series O Bonds	
Schedule B - Description of Certain Properties Acquired Since September 1, 2007.	
Acknowledgments	
Endorsement	

THIS SIXTEENTH SUPPLEMENTAL INDENTURE dated as of May 1, 2008, between PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE (with its successors and assigns, the “Company”), a corporation duly organized and existing under the laws of the State of New Hampshire, having its principal place of business at Energy Park, 780 North Commercial Street in Manchester, New Hampshire 03101, and U.S. BANK NATIONAL ASSOCIATION (as successor to Wachovia Bank, National Association, and by merger to First Union National Bank, formerly known as First Fidelity Bank, National Association, New Jersey, successor in trust to Bank of New England, National Association (formerly known as New England Merchants National Bank) and to New Bank of New England, National Association), said U.S. BANK NATIONAL ASSOCIATION being a national banking association duly organized and existing under the laws of the United States of America having a corporate trust office at 21 South Street, Third Floor, Morristown, New Jersey 07960 and duly authorized to execute the trusts hereof (with its successors in trust, the “Trustee”) under the General and Refunding Mortgage Indenture, dated August 15, 1978 (as amended by ten supplemental indentures, including the Tenth Supplemental Indenture dated as of May 1, 1991, the “Original Indenture” and sometimes referred to, with each and every prior indenture supplemental thereto and each and every other instrument, including this Sixteenth Supplemental Indenture, supplemental to the Original Indenture, as the “Indenture”).

WHEREAS, the Company has previously executed and delivered to the Trustee fifteen supplemental indentures which are part of the Indenture for the purposes recited therein and for the purpose of issuing bonds under the Indenture, the currently outstanding series of which are set forth in the following table:

<u>Supplemental Indenture No.</u>	<u>Dated as of</u>	<u>Series</u>	<u>Series Designation</u>	<u>Principal Amount Authorized</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
Tenth	May 1, 1991	Series F	First Mortgage Bonds (Series F Adjustable Rate* due 2021)	\$114,500,000	\$75,000,000	\$75,000,000
Tenth	May 1, 1991	Series G	First Mortgage Bonds (Series G Adjustable Rate* due 2021)	\$114,500,000	\$44,800,000	\$44,800,000
Twelfth	December 1, 2001	Series I	First Mortgage Bonds (Series I due 2021)*	\$89,250,000	\$89,250,000	\$89,250,000
Twelfth	December 1, 2001	Series J	First Mortgage Bonds (Series J due 2021)*	\$89,250,000	\$89,250,000	\$89,250,000
Twelfth	December 1, 2001	Series K	5.45% First Mortgage Bonds (Series K due 2021)	\$108,985,000	\$108,985,000	\$108,985,000
Thirteenth	July 1, 2004	Series L	5.25% First Mortgage Bonds, Series L, due 2014	\$50,000,000	\$50,000,000	\$50,000,000

<u>Supplemental Indenture No.</u>	<u>Dated as of</u>	<u>Series</u>	<u>Series Designation</u>	<u>Principal Amount Authorized</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
Fourteenth	October 1, 2005	Series M	5.60% First Mortgage Bonds, Series M, due October 5, 2035	\$50,000,000	\$50,000,000	\$50,000,000
Fifteenth	September 1, 2007	Series N	6.15% First Mortgage Bonds, Series N, due 2017	\$70,000,000	\$70,000,000	\$70,000,000
Total Outstanding Principal Amount:						\$577,285,000

* These First Mortgage Bonds contain provisions for changes in the interest rate.

WHEREAS, the execution and delivery of this Sixteenth Supplemental Indenture and the issue of not exceeding initially \$110,000,000 in aggregate principal amount of the Company's First Mortgage Bonds, Series O (hereinafter generally referred to as the "Series O Bonds" or the "bonds of Series O"), and other necessary actions have been duly authorized by the Board of Directors of the Company;

WHEREAS, the Company proposes to execute and deliver this Sixteenth Supplemental Indenture to provide for the issue of the bonds of Series O and confirm the lien of the Indenture on the property referred to below, all as permitted by Section 15.1 of the Original Indenture;

WHEREAS, the Company has purchased, constructed or otherwise acquired certain additional property not heretofore specifically described in the Indenture but which is and is intended to be subject to the lien thereof, and proposes specifically to subject such additional property to the lien of the Indenture at this time;

WHEREAS, all acts and things necessary to make the initial issue of the Series O Bonds, when executed by the Company and authenticated by the Trustee and delivered as in the Original Indenture provided, the legal, valid and binding obligations of the Company according to their terms and to make this Sixteenth Supplemental Indenture a legal, valid and binding instrument for the security of the bonds, in accordance with its and their terms, have been done and performed, and the execution and delivery of this Sixteenth Supplemental Indenture has in all respects been duly authorized;

NOW, THEREFORE, in consideration of the premises, and of the acceptance of said Series O Bonds by the holder thereof, and of the sum of \$1.00 duly paid by the Trustee to the Company, and of other good and valuable considerations, the receipt whereof is hereby acknowledged, and in confirmation of and supplementing the Original Indenture as previously supplemented by said fifteen preceding supplemental indentures, and in performance of and compliance with the provisions thereof, said Public Service Company of New Hampshire, by these presents, does give, grant, bargain, sell, transfer, assign, pledge, mortgage and convey unto U.S. Bank National Association, as Trustee, as provided in the Original Indenture, as previously supplemented and amended and as supplemented by this Sixteenth Supplemental Indenture, and its successor or successors in the trust thereby and hereby created, and its and their assigns,

(a) all and singular the property, and rights and interests in property, described in the Original Indenture and the fifteen preceding supplemental indentures (said supplemental indentures, in each case, as applicable, as amended by the Tenth Supplemental Indenture, hereinafter referred to as the Preceding Supplemental Indentures), and thereby conveyed, pledged, assigned, transferred and mortgaged, or intended so to be (said descriptions in said Original Indenture and the Preceding Supplemental Indentures being hereby made a part hereof to the same extent as if set forth herein at length), whether then or now owned or thereafter or hereafter acquired, except such of said properties or interests therein as may have been released or sold or disposed of in whole or in part as permitted by the provisions of the Original Indenture, and (b) also, but without in any way limiting the generality of the foregoing, all the right, title and interest of the Company, now owned or hereafter acquired, in and to the rights, titles, interests and properties described or referred to in Schedule B hereto attached and hereby made a part hereof as fully as if set forth herein at length, in all cases not specifically reserved, excepted and excluded; the foregoing property, and rights and interests in property, being located in the following listed municipalities in New Hampshire and unincorporated areas in Coos County, New Hampshire, as well as in various municipalities in the States of Maine, Vermont and elsewhere:

BELKNAP COUNTY — Alton, Barnstead, Belmont, Center Harbor, Gilford, Gilmanton, Laconia, Meredith, New Hampton, Sanbornton, Tilton;

CARROLL COUNTY — Albany, Brookfield, Chatham, Conway, Eaton, Effingham, Freedom, Madison, Moultonboro, Ossipee, Sandwich, Tamworth, Tuftonboro, Wakefield, Wolfeboro;

CHESHIRE COUNTY — Alstead, Chesterfield, Dublin, Fitzwilliam, Gilsum, Harrisville, Hinsdale, Jaffrey, Keene, Marlborough, Marlow, Nelson, Richmond, Rindge, Roxbury, Stoddard, Sullivan, Surry, Swanzey, Troy, Westmoreland, Winchester;

COOS COUNTY — Bean's Grant, Berlin, Cambridge, Carroll, Chandler's Purchase, Clarksville, Colebrook, Columbia, Crawford's Purchase, Dalton, Dummer, Errol, Gorham, Green's Grant, Jefferson, Lancaster, Martin's Location, Milan, Millsfield, Northumberland, Pinkham's Grant, Pittsburg, Randolph, Shelburne, Stark, Stewartstown, Stratford, Success, Thompson & Meserve's Purchase, Wentworth's Location, Whitefield;

GRAFTON COUNTY — Alexandria, Ashland, Bath, Bethlehem, Bridgewater, Bristol, Campton, Easton, Enfield, Franconia, Grafton, Hanover, Haverhill, Hebron, Holderness, Landaff, Lincoln, Lisbon, Littleton, Lyman, Lyme, Orange, Orford, Piermont, Plymouth, Rumney, Sugar Hill, Thornton, Woodstock;

HILLSBOROUGH COUNTY — Amherst, Antrim, Bedford, Bennington, Brookline, Deering, Francestown, Goffstown, Greenfield, Greenville, Hancock, Hillsborough, Hollis, Hudson, Litchfield, Lyndeborough, Manchester, Mason, Merrimack, Milford, Mont Vernon, Nashua, New Boston, New Ipswich, Pelham, Peterborough, Sharon, Temple, Weare, Wilton, Windsor;

MERRIMACK COUNTY — Allenstown, Andover, Boscawen, Bow, Bradford, Canterbury, Chichester, Concord, Danbury, Dunbarton, Epsom, Franklin, Henniker, Hill,

Hooksett, Hopkinton, Loudon, Newbury, New London, Northfield, Pembroke, Pittsfield, Salisbury, Sutton, Warner, Webster, Wilmot;

ROCKINGHAM COUNTY — Auburn, Atkinson, Brentwood, Candia, Chester, Danville, Deerfield, Derry, East Kingston, Epping, Exeter, Fremont, Greenland, Hampstead, Hampton, Hampton Falls, Kensington, Kingston, Londonderry, New Castle, Newfields, Newington, Newmarket, Newton, North Hampton, Northwood, Nottingham, Portsmouth, Raymond, Rye, Sandown, Seabrook, South Hampton, Stratham, Windham;

STRAFFORD COUNTY — Barrington, Dover, Durham, Farmington, Lee, Madbury, Middleton, Milton, New Durham, Rochester, Rollinsford, Somersworth, Strafford;

SULLIVAN COUNTY — Charlestown, Claremont, Cornish, Croydon, Goshen, Grantham, Lempster, Newport, Plainfield, Springfield, Sunapee, Unity, Washington;

SUBJECT, HOWEVER, as to all of the foregoing, to the specific rights, privileges, liens, encumbrances, restrictions, conditions, limitations, covenants, interests, reservations, exceptions and otherwise as provided in the Original Indenture and the Preceding Supplemental Indentures, and in the descriptions in the schedules thereto and hereto and in the deeds or grants in said schedules referred to;

BUT SPECIFICALLY RESERVING, EXCEPTING AND EXCLUDING (as the same are reserved, excepted and excluded from the lien of the Original Indenture and the Preceding Supplemental Indentures) from this instrument and the grant, conveyance, mortgage, transfer and assignment herein contained, all right, title and interest of the Company, now owned or hereafter acquired, in and to the properties and rights specified in subclauses (a) to (m), both inclusive, of the paragraph beginning "BUT SPECIFICALLY RESERVING, EXCEPTING AND EXCLUDING..." which paragraph is part of the granting clauses of the Original Indenture;

TO HAVE AND TO HOLD all said plant, premises, property, franchises and rights hereby conveyed, assigned, pledged or mortgaged, or intended so to be, unto the Trustee, its successor or successors in trust, and to its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal pro rata benefit, security and protection of the owners of the bonds without any preference, priority or distinction whatever of any one bond over any other bond by reason of priority in the issue, sale or negotiation thereof, or otherwise;

PROVIDED, HOWEVER, and these presents are upon the condition, that if the Company shall pay or cause to be paid or make appropriate provision for the payment unto the holders of the bonds of the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein, and shall keep, perform and observe all and singular the covenants, agreements and provisions in the Indenture expressed to be kept, performed and observed by or on the part of the Company, then the Indenture and the estate and rights thereby and hereby granted shall, pursuant and subject to the provisions of Article 16 of the Original Indenture, cease, determine and be void, but otherwise shall be and remain in full force and effect.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED, upon the trusts and for the purposes aforesaid, as set forth in the following covenants, agreements, conditions and provisions, viz.:

ARTICLE 1
SERIES O BONDS

SECTION 1.01. Designation; Amount. The bonds of Series O shall be designated "First Mortgage Bonds, Series O, Due 2018" and shall initially be authenticated in the aggregate principal amount of One Hundred Ten Million Dollars (\$110,000,000). The initial issue of the bonds of Series O may be effected upon compliance with the applicable provisions of the Original Indenture. Additional bonds of Series O, without limitation as to amount, having the same terms and conditions as the bonds of Series O (except for the date of original issuance, the initial interest payment date and the offering price) may also be issued by the Company without the consent of the holders of the bonds of Series O, pursuant to a separate supplemental indenture related thereto. Such additional bonds of Series O shall be part of the same series as the bonds of Series O. The Trustee shall authenticate and deliver up to \$110,000,000 aggregate principal amount of Series O Bonds at any time upon application by the Company and compliance with the applicable provisions of the Original Indenture.

SECTION 1.02. Form of Series O Bonds; Global Security; Depository for Global Securities. The Series O Bonds shall be issued only in fully registered form without coupons in denominations of One Thousand Dollars (\$1,000.00) and multiples thereof.

The Series O Bonds shall be initially represented by one or more global securities (the "Global Securities"). Each Global Security will be deposited with, or on behalf of, The Depository Trust Company, as depository ("DTC"), and registered in the name of Cede & Co., a nominee of DTC.

The Series O Bonds shall be in substantially the form set forth in Schedule A attached hereto. The terms of the Series O Bonds contained in such form are hereby incorporated herein by reference as though fully set forth in this place and are made a part of this Sixteenth Supplemental Indenture.

SECTION 1.03. Provisions of Series O Bonds; Interest Accrual. The Series O Bonds shall mature on May 1, 2018 and shall bear interest at the rate of 6.00% per year, payable semiannually in arrears on November 1 and May 1 of each year (each, an "Interest Payment Date") (except that the final Interest Payment Date will be May 1, 2018) beginning on November 1, 2008, and on the maturity date, until the Company's obligation in respect of the principal thereof shall be discharged, and at the rate of 6.00% per annum on any overdue principal and premium and on any overdue installment of interest. The Series O Bonds shall be dated the date of authentication thereof by the Trustee and shall bear interest on the principal amount from, and including, the date of original issuance to, and excluding, the first Interest Payment Date and then from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for to, but excluding, the next Interest Payment

Date or the maturity date, as the case may be. Interest on the Series O Bonds will be computed on the basis of 360-day year of twelve 30-day months.

The Series O Bonds shall be payable both as to principal and interest at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust office of its successors, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The interest on the Series O Bonds shall be payable without presentation, and only to or upon the person in whose name the Series O Bonds are registered at the close of business on the business day prior to each Interest Payment Date. The Series O Bonds shall be callable for redemption in whole or in part according to the terms and provisions provided herein in Section 1.05.

The Company has initially designated DTC as the depository for the Series O Bonds. For as long as the Series O Bonds or any portion thereof are in the form of a Global Security, and notwithstanding the previous paragraph, all payments of interest, principal and other amounts in respect of the Series O Bonds shall be made to DTC or its nominee in accordance with its applicable policies and procedures, in the coin or currency specified above. So long as the Series O Bonds are in the form of a Global Security, neither the Company nor the Trustee shall have any responsibility with respect to the policies and procedures of DTC, or any successor depository, or for any notices or other communications among DTC, its direct and indirect participants or beneficial owners of the Series O Bonds.

SECTION 1.04. Transfer and Exchange of Series O Bonds. So long as the Series O Bonds are in the form of Global Securities, the Series O Bonds may not be transferred except as a whole (1) by DTC to a nominee of DTC or (2) by a nominee of DTC to DTC or another nominee of DTC or (3) by DTC or any such nominee to a successor of DTC or a nominee of such successor. If (1) DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within ninety days or (2) there shall have occurred and be continuing after any applicable grace periods an Event of Default under the Indenture with respect to the Series O Bonds represented by such Global Security, the Company will issue certificated Series O Bonds in definitive registered form in exchange for the Global Securities.

The Company may at any time and in its sole discretion determine not to have any Series O Bonds in registered form represented by one or more Global Securities and, in such event, will issue certificated bonds in definitive form in exchange for the Global Securities representing the Series O Bonds. In any such instance, an owner of a beneficial interest in the Global Securities will be entitled to physical delivery in definitive form of certificated bonds represented by the Global Securities equal in principal amount to such beneficial interest and to have such certificated bonds registered in its name.

In the event certificated bonds are issued in exchange for the Global Securities, the Series O Bonds may be surrendered for registration of transfer as provided in Section 2.8 of the Original Indenture at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust offices of its successors, and may be surrendered at said office for exchange for a like aggregate principal amount of Series O Bonds

of other authorized denominations. Notwithstanding the provisions of Section 2.7 of the Original Indenture, no charge, except for taxes or other governmental charges, shall be made by the Company for any registration of transfer of Series O Bonds or for the exchange of any Series O Bonds for such bonds of other authorized denominations.

SECTION 1.05. Redemption of the Series O Bonds. The Series O Bonds are subject to redemption, in whole or in part, at the option of the Company at any time. If the Company elects to redeem the Series O Bonds, it will do so at a redemption price equal to the greater of (x) one hundred percent (100%) of the principal amount of the Series O Bonds being redeemed, plus accrued interest thereon to the redemption date, or (y) as determined by the Quotation Agent, the sum of the present value of the remaining scheduled payments of principal and interest on the Series O Bonds to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus thirty-five (35) basis points, plus accrued interest to the redemption date. The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

The Company shall notify the Trustee in writing, not less than forty-five (45) days, or such shorter period as shall be acceptable to the Trustee, of any such election to redeem. Such notice shall include the amount of Series O Bonds to be redeemed, the redemption date and the redemption price.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Series O Bonds that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series O Bonds.

“Comparable Treasury Price” means, with respect to any redemption date: (i) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

“Quotation Agent” means the Reference Treasury Dealer appointed by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer in New York, New York selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal

amount) quoted in writing to the Trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that redemption date.

Notice of any redemption will be provided at least 30 days but not more than 60 days before the redemption date to each holder of the Series O Bonds to be redeemed.

Absent a default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Series O Bonds or portions of the Series O Bonds called for redemption.

If less than all of the Series O Bonds are to be redeemed, the Trustee will select the Series O Bonds to be redeemed by a method that the Trustee deems fair and appropriate and which may provide for the selection for the redemption of portions (equal to \$1,000 or any multiple thereof) of the principal amount of the Series O Bonds larger than \$1,000. Notice of redemption will be mailed, first-class mail postage prepaid, to each holder of Series O Bonds to be redeemed at the holder's address in the register for the Series O Bonds. If any Series O Bonds are to be redeemed in part only, the notice of redemption that relates to that Series O Bond will state the portion of the principal amount of that Series O Bond to be redeemed. In that case, the Company will issue a new Series O Bond of any authorized denomination, as requested, in an aggregate principal amount equal to the unredeemed portion of such Series O Bond, in the name of the holder upon cancellation of the original Series O Bond. Series O Bonds or portions of Series O Bonds to be redeemed become due on the redemption date, and interest will cease to accrue on those Series O Bonds or portions of Series O Bonds on the redemption date.

The Series O Bonds are not subject to any sinking fund.

Except as provided in this Section 1.05, the Series O Bonds are not subject to redemption under any provisions of the Indenture.

SECTION 1.06. Effect of Event of Default. If an Event of Default shall have occurred and be continuing, the principal of the Series O Bonds may be declared due and payable in the manner and with the effect provided in the Indenture.

SECTION 1.07. Payment Date Not a Business Day. If any redemption or maturity date for principal, premium or interest with respect to the Series O Bonds shall be (i) a Sunday or a legal holiday, or (ii) a day on which banking institutions are authorized pursuant to law to close and on which the corporate trust offices of the Trustee in Minnesota or New Jersey are not open for business, then the payment thereof may be made on the next succeeding day not a day specified in (i) or (ii) with the same force and effect as if made on the specified payment date and no interest shall accrue for the period after the specified payment date.

SECTION 1.08. Amendment and Restatement of Mortgage Indenture. Each holder of a Series O Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, shall have and be deemed to have consented, without the need for any further action or consent by such holder, to the amendment and restatement of the Original Indenture in substantially the form set forth in Schedule C appended to the Fifteenth Supplemental Indenture dated as of September 1, 2007 (the "Amended and Restated Indenture"), with such additions,

deletions, and other changes made to such form prior to the time of such amendment and restatement (“Future Changes”) (1) that add to the covenants of the Company in the Amended and Restated Indenture, or surrender rights or powers of the Company therein, for the benefit of the holders of the outstanding bonds issued under the Original Indenture, (2) as shall be requested by the Trustee and its counsel, (3) as may be requested by the New Hampshire Public Utilities Commission or other regulatory authority having jurisdiction over the Company, or (4) otherwise, as shall be proposed by the Company after the date of the execution and delivery of this Sixteenth Supplemental Indenture, *provided* that (a) in the case of any Future Change described in clause (4), such Future Change is not, in the reasonable judgment of the Company, inconsistent with the fundamental structure and terms of the Amended and Restated Indenture, and (b) in the case of any Future Change described in clause (3) or (4), such Future Change does not, in the reasonable judgment of the Company, adversely affect in any material respect the interests of the holders of the bonds issued under the Original Indenture.

The Amended and Restated Indenture described in this Section 1.08 refers to a planned future amendment and restatement of the terms of the Original Indenture substantially in their entirety. No portion of the Amended and Restated Indenture is in effect as of the date of this Sixteenth Supplemental Indenture. To become effective under the existing Indenture, most of the changes in the Amended and Restated Indenture require the consent of the holders of not less than a majority in principal amount of all bonds of the Company then outstanding under the Indenture. These changes will become effective as soon as the Company receives the required majority consent. The remaining changes require the consent of the holders of 100% in principal amount of all bonds of the Company then outstanding under the Indenture. As a result, these remaining changes will not become effective until the Company receives the required unanimous consent. Accordingly, the Amended and Restated Indenture, including any Future Changes contemplated by this Section 1.08, will not be in effect until the Company receives the required majority consent described above, and until the Amended and Restated Indenture is duly executed and acknowledged by the Company and the Trustee of the existing First Mortgage Indenture, with the changes requiring the unanimous consent described above taking effect automatically thereafter when such consent is obtained.

ARTICLE 2 MISCELLANEOUS PROVISIONS

SECTION 2.01. Recitals. The recitals in this Sixteenth Supplemental Indenture shall be taken as recitals by the Company alone, and shall not be considered as made by or as imposing any obligation or liability upon the Trustee, nor shall the Trustee be held responsible for the legality or validity of this Sixteenth Supplemental Indenture, and the Trustee makes no covenants or representations, and shall not be responsible, as to or for the effect, authorization, execution, delivery or recording of this Sixteenth Supplemental Indenture, except as expressly set forth in the Original Indenture. The Trustee shall not be taken impliedly to waive by this Sixteenth Supplemental Indenture any right it would otherwise have.

SECTION 2.02. Benefits of Sixteenth Supplemental Indenture. Nothing in this Sixteenth Supplemental Indenture, expressed or implied, is intended or shall be construed to confer upon, or give to, any person, firm or corporation, other than the parties hereto and the

holders of the Series O Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof; and the covenants, stipulations and agreements in the Indenture contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and holders of the bonds.

SECTION 2.03. Effect of Sixteenth Supplemental Indenture. This Sixteenth Supplemental Indenture is executed, shall be construed as and is expressly stated to be an indenture supplemental to the Original Indenture and shall form a part of the Indenture; and the Original Indenture, as supplemented and amended by this Sixteenth Supplemental Indenture, is hereby confirmed and adopted by the Company as its obligation. All terms used in this Sixteenth Supplemental Indenture shall be taken to have the meaning specified in the Original Indenture, except in cases where the context clearly indicates otherwise.

SECTION 2.04. Termination. This Sixteenth Supplemental Indenture shall become void when the Indenture shall be void.

SECTION 2.05. Trust Indenture Act. If and to the extent that any provision of this Sixteenth Supplemental Indenture limits, qualifies or conflicts with any of the applicable provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, as amended, such required provision shall control.

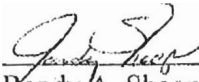
SECTION 2.06. Counterparts. This Sixteenth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which shall be deemed an original; and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument, which shall for all purposes be sufficiently evidenced by any such original counterpart.

SECTION 2.07. Notices. Any notice to the Trustee under any provision of this Sixteenth Supplemental Indenture shall be sufficiently given if served personally upon a responsible officer of the Trustee or mailed by registered or certified mail, postage prepaid, addressed to the Trustee at its corporate trust office, which is U.S. Bank National Association, 21 South Street, Third Floor, Morristown, New Jersey 07960 as of the date hereof. The Trustee shall notify the Company from time to time of any change in the address of its corporate trust office.

SECTION 2.08. Definitions. The use of the terms and expressions herein is in accordance with the definitions, uses and construction contained in the Original Indenture and the form of Series O Bond attached hereto as Schedule A.


IN WITNESS WHEREOF, PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE has caused this instrument to be executed and its corporate seal to be hereto affixed, by its officers, thereunto duly authorized, and U.S. BANK NATIONAL ASSOCIATION has caused this instrument to be executed by its officers thereunto duly authorized, all as of the day and year first above written but actually executed on May 19, 2008.

**PUBLIC SERVICE COMPANY
OF NEW HAMPSHIRE**


By: 
Randy A. Shoop
Vice President and Treasurer

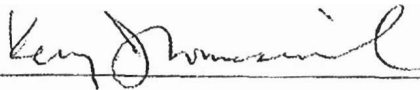
CORPORATE SEAL

Attest:


O. Kay Comendul
Assistant Secretary

Signed, sealed and delivered by
Public Service Company of New
Hampshire in the presence of us:


Linda M. Appelt

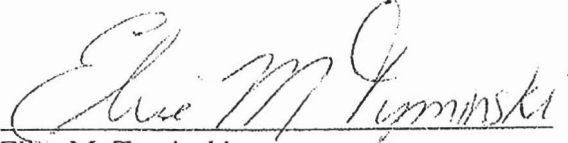

Kay Comendul

Witnesses

STATE OF CONNECTICUT)
) ss: Berlin
COUNTY OF HARTFORD)

Then personally appeared before me Randy A. Shoop, Vice President and Treasurer, and O. Kay Comendul, Assistant Secretary, of Public Service Company of New Hampshire, a New Hampshire corporation, and severally acknowledged the foregoing instrument to be their free act and deed in their said capacities and the free act and deed of said corporation.

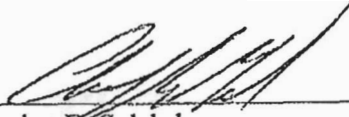
Witness my hand and notarial seal this 19th day of May, 2008, at Berlin, Connecticut.


Elise M. Tyminski
Notary Public
My Commission Expires: January 31, 2010

(Notarial Seal)

U.S. BANK NATIONAL ASSOCIATION,
as Trustee as aforesaid

By:



Christopher E. Golabek
Vice President


Attest:




Name:
Title:

Thomas J. Brett
Assistant Vice President

Signed and delivered by
U.S. Bank National Association
in the presence of us:





Witnesses

STATE OF NEW JERSEY)
) ss: Morristown
COUNTY OF HUDSON

Then personally appeared before me Christopher E. Golabek, Vice President of U.S. Bank National Association, a national banking association, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of said association.

Witness my hand and notarial seal this 19th day of May, 2008, at Morristown, New Jersey.

Name: *Florence M. Noll*
Notary Public
My Commission Expires

(Notarial Seal)



SCHEDULE A
(FORM OF FACE OF SERIES O BONDS)

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND HEREIN, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

Unless this Global Security is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Public Service Company of New Hampshire or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
FIRST MORTGAGE BOND, SERIES O
PRINCIPAL DUE MAY 1, 2018

CUSIP No. 744482 BJ8

No. 1

\$110,000,000

FOR VALUE RECEIVED, PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a corporation organized and existing under the laws of the State of New Hampshire (hereinafter called the "Company", which term includes any successor corporation under the Indenture), hereby promises to pay to Cede & Co., or registered assigns, subject to the conditions set forth herein, the principal sum of One Hundred Ten Million Dollars (\$110,000,000), on May 1, 2018, and to pay interest on said sum semiannually in arrears, on November 1 and May 1 in each year (each, an "Interest Payment Date") (except that the final Interest Payment Date will be May 1, 2018), commencing on November 1, 2008 at the rate of 6.00% per annum, until the Company's obligation with respect to said principal sum shall be paid or made available for payment, and at the rate of 6.00% per annum on any overdue principal and premium and on any overdue installment of interest.

This Series O Bond shall bear interest as aforesaid from, and including, the date of original issuance to, and excluding, the first Interest Payment Date and then from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for to, but excluding, the next Interest Payment Date or the maturity date, as the case may be. The amount of interest payable will be computed on the basis of a 360-day year consisting of twelve 30-day months.

In any case where any Interest Payment Date, maturity or redemption date is not a Business Day, then payment of principal and interest, if any, or principal and premium, if any, payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. A "Business Day" shall mean any day, except a (i) Sunday or a legal holiday, or (ii) a day on which banking institutions are authorized pursuant to law to close and on which the corporate trust offices of the Trustee in Minnesota or New Jersey are not open for business.

Payment of the principal of and any interest on this Series O Bond will be made at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust office of its successors, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The interest on this Series O Bond shall be payable without presentation, and only to or upon the person in whose name the Series O Bonds are registered at the close of business on the Business Day prior to each Interest Payment Date.

The Company has initially designated DTC as the depository for this Series O Bond issued in the form of a Global Security. For as long as this Series O Bond or any portion hereof is in the form of a Global Security, and notwithstanding the previous paragraph, all payments of interest, principal and other amounts in respect of this Series O Bond shall be made to DTC or its nominee in accordance with its applicable policies and procedures, in the coin or currency specified above.

Reference is hereby made to the further provisions of this Series O Bond set forth on the reverse hereof, including without limitation provisions in regard to the redemption and the registration of transfer and exchangeability of this Series O Bond, and such further provisions shall for all purposes have the same effect as though fully set forth in this place.

As set forth in the Supplemental Indenture establishing the terms and series of the Bonds of this series, each holder of a Series O Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, shall have and be deemed to have consented, without the need for any further action or consent by such holder, to the amendment and restatement of the Original Indenture in substantially the form set forth in Schedule C appended to the Fifteenth Supplemental Indenture dated as of September 1, 2007 (the "Amended and Restated Indenture"), with such additions, deletions, and other changes made to such form prior to the time of such amendment and restatement ("Future Changes") (1) that add to the covenants of the Company in the Amended and Restated Indenture, or surrender rights or powers of the Company therein, for the benefit of the holders of the outstanding bonds issued under the Original Indenture, (2) as shall be requested by the Trustee and its counsel, (3) as may be

requested by the New Hampshire Public Utilities Commission or other regulatory authority having jurisdiction over the Company, or (4) otherwise, as shall be proposed by the Company after the date of the execution and delivery of the Sixteenth Supplemental Indenture, *provided* that (a) in the case of any Future Change described in clause (4), such Future Change is not, in the reasonable judgment of the Company, inconsistent with the fundamental structure and terms of the Amended and Restated Indenture, and (b) in the case of any Future Change described in clause (3) or (4), such Future Change does not, in the reasonable judgment of the Company, adversely affect in any material respect the interests of the holders of the bonds issued under the Original Indenture.

This Series O Bond shall not become or be valid or obligatory until the certificate of authentication hereon shall have been signed by U.S. Bank National Association (hereinafter with its successors as defined in the Indenture (as defined on the reverse hereof), generally called the Trustee), or by such a successor.

[The remainder of this page left blank intentionally.]

IN WITNESS WHEREOF, Public Service Company of New Hampshire has caused this Series O Bond to be executed in its corporate name and on its behalf by its Vice President and Treasurer by his signature or a facsimile thereof, and its corporate seal to be affixed or imprinted hereon and attested by the manual or facsimile signature of its Assistant Secretary.

Dated as of May __, 2008

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: _____
Randy A. Shoop
Vice President and Treasurer

Attest:

Name
Title:

[FORM OF TRUSTEE'S CERTIFICATION]

U.S. Bank National Association hereby certifies that this Series O Bond is one of the bonds described in the within mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION,
TRUSTEE**

By: _____
Name:
Title: Authorized Signatory

[FORM OF REVERSE OF SERIES O BOND]
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
First Mortgage Bond, Series O, Due May 1, 2018

This Series O Bond is one of a series of bonds known as the “First Mortgage Bonds, Series O” of the Company, initially limited to One Hundred Ten Million Dollars (\$110,000,000) in aggregate principal amount, and issued under and pursuant to a First Mortgage Indenture between the Company and U.S. Bank National Association as successor to Wachovia Bank, National Association and by merger to First Union National Bank, formerly known as First Fidelity Bank, National Association, New Jersey, successor to Bank of New England, National Association (formerly known as New England Merchants National Bank), and to New Bank of New England, National Association, as Trustee, dated as of August 15, 1978, as amended, and pursuant to which U.S. Bank, National Association is now Successor Trustee (said First Mortgage Indenture (i) as amended by the Tenth Supplemental Indenture thereto, being hereinafter generally called the “Original Indenture,” and (ii) together with all indentures expressly stated to be supplemental thereto, and each and every other instrument including the Sixteenth Supplemental Indenture pursuant to which the Series O Bonds are being issued, being hereinafter generally called the “Indenture”), and together with all bonds of all series now outstanding or hereafter issued under the Indenture being equally and ratably secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture, may afford additional security for the bonds of any particular series) by the Indenture, to which Indenture (executed counterparts of which are on file at the corporate trust office of the Trustee in Morristown, New Jersey) reference is hereby made for a description of the nature and extent of the security, the rights thereunder of the holders of bonds issued and to be issued thereunder, the rights, duties and immunities thereunder of the Trustee, the rights and obligations thereunder of the Company, and the terms and conditions upon which Bonds of this series, and bonds of other series, are issued and are to be issued; but neither the foregoing reference to the Indenture nor any provision of this Series O Bond or of the Indenture shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay at the maturities herein provided the principal of and interest on this Series O Bond as herein provided.

The Series O Bonds shall be initially issued in the form of one or more global securities (the “Global Securities”). Each Global Security will be deposited with, or on behalf of, The Depository Trust Company, as depository (“DTC”), and registered in the name of Cede & Co., a nominee of DTC. In the event certificated bonds in definitive form are issued in exchange for the Global Securities they are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof.

The Series O Bonds, while in the form of Global Securities, may not be transferred except as a whole (1) by DTC to a nominee of DTC or (2) by a nominee of DTC to DTC or another nominee of DTC or (3) by DTC or any such nominee to a successor of DTC or a nominee of such successor. If (1) DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within ninety days or (2) there shall have occurred and be continuing after any applicable grace periods an Event of Default under the Indenture with respect to the Series O Bonds represented by such Global Security, the Company will issue certificated bonds in definitive registered form in exchange for the Global Securities representing the Series O Bonds.

The Company may at any time and in its sole discretion determine not to have any Series O Bonds in registered form represented by one or more Global Securities and, in such event, will issue certificated bonds in definitive form in exchange for the Global Securities representing the Series O Bonds. In any such instance, an owner of a beneficial interest in the Global Securities will be entitled to physical delivery in definitive form of certificated bonds represented by the Global Securities equal in principal amount to such beneficial interest and to have such certificated bonds registered in its name.

In the event certificated bonds are issued in exchange for the Global Securities, the Series O Bonds may be surrendered for registration of transfer as provided in Section 2.8 of the Original Indenture at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust offices of its successors, and may be surrendered at said office for exchange for a like aggregate principal amount of Series O Bonds of other authorized denominations. Notwithstanding the provisions of Section 2.7 of the Original Indenture, no charge, except for taxes or other governmental charges, shall be made by the Company for any registration of transfer of Series O Bonds or for the exchange of any Series O Bonds for such bonds of other authorized denominations.

The Series O Bonds are subject to redemption, in whole or in part, at the option of the Company at any time. If the Company elects to redeem the Series O Bonds, it will do so at a redemption price equal to the greater of (x) one hundred percent (100%) of the principal amount of Series O Bonds being redeemed, plus accrued interest thereon to the redemption date, or (y) as determined by the Quotation Agent, the sum of the present value of the remaining scheduled payments of principal and interest on the Series O Bonds to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus thirty-five (35) basis points, plus accrued interest to the redemption date. The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

The Company shall notify the Trustee in writing, not less than forty-five (45) days, or such shorter period as shall be acceptable to the Trustee, of any such election to redeem. Such notice shall include the amount of Series O Bonds to be redeemed, the redemption date and redemption price.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue,

assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Series O Bonds that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series O Bonds.

“Comparable Treasury Price” means, with respect to any redemption date: (i) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

“Quotation Agent” means the Reference Treasury Dealer appointed by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer in New York, New York selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that redemption date.

Notice of any redemption will be provided at least 30 days but not more than 60 days before the redemption date to each holder of the Series O Bonds to be redeemed.

Absent a default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Series O Bonds or portions of the Series O Bonds called for redemption.

If less than all of the Series O Bonds are to be redeemed, the Trustee will select the Series O Bonds to be redeemed by a method that the Trustee deems fair and appropriate and which may provide for the selection for the redemption of portions (equal to \$1,000 or any multiple thereof) of the principal amount of the Series O Bonds larger than \$1,000. Notice of redemption will be mailed, first-class mail postage prepaid, to each holder of Series O Bonds to be redeemed at the holder’s address in the register for the Series O Bonds. If any Series O Bonds are to be redeemed in part only, the notice of redemption that relates to that Series O Bond will state the portion of the principal amount of that Series O Bond to be redeemed. In that case, the Company will issue new Series O Bonds of any authorized denomination, as requested, in an aggregate principal amount equal to the unredeemed portion of such Series O Bond, in the name of the holder upon cancellation of the original Series O Bond. Series O Bonds or portions of Series O Bonds to be redeemed become due on the redemption date, and interest will cease to accrue on those Series O Bonds or portions of Series O Bonds on the redemption date.

The Series O Bonds are not subject to any sinking fund.

If the Series O Bonds are called in whole or in part, and if moneys have been duly deposited or otherwise made available to the Trustee for redemption hereof, or of the part hereof so called, as required in the Indenture, this Series O Bond or such called part hereof, shall be due and payable on the date fixed for redemption and thereafter this Series O Bond, or such called part hereof, shall cease to bear interest on the date fixed for redemption and shall cease to be entitled to the lien of the Indenture, and, as respects the Company's liability hereon, this Series O Bond, or such called part hereof, shall be deemed to have been paid; but, if less than the whole principal amount hereof shall be so called, the holder hereof shall be entitled, in addition to the sums payable on account of the part called, to receive, without expense to such holder, upon surrender hereof, one or more Series O Bonds of this series for an aggregate principal amount equal to that part of the principal amount hereof not then called and paid.

If an Event of Default shall have occurred and be continuing, the principal of the Series O Bonds may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee to effect, by supplemental indenture, certain modifications of the Indenture without any consent of the holders of the bonds, and to effect certain other modifications of the Indenture, and of the rights of the holders of the bonds, with the consent of the holders of not less than a majority in aggregate principal amount of all bonds issued under the Indenture at the time outstanding, or in case one or more, but less than all, of the series of said bonds then outstanding are affected, with the consent of the holders of not less than a majority in aggregate principal amount of said outstanding bonds of each series affected.

No reference herein to the Indenture and no provision herein or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest, including overdue interest, on this Series O Bond at the time, place and rate, and in the coin or currency, herein prescribed.

This Series O Bond shall be exchangeable for securities registered in the names of holders other than DTC or its nominee only as provided in this paragraph. This Series O Bond shall be so exchangeable if (x) DTC notifies the Company that it is unwilling or unable to continue as depository or at any time ceases to be a clearing agency registered as such under the Securities Exchange Act of 1934, (y) the Company executes and delivers to the Trustee an Officers' Certificate providing that this Series O Bond shall be so exchangeable or (z) there shall have occurred and be continuing an Event of Default with respect to the Series O Bonds.

Certificated securities so issued in exchange for the Global Security representing the Series O Bonds shall be of the same series, have the same interest rate, if any, and maturity and have the same terms as the Global Security representing the Series O Bonds, in authorized denominations and in the aggregate having the same principal amount as the Global Security representing the Series O Bonds and registered in such names as the depository for such Global Security representing the Series O Bonds shall direct.

Series O Bonds not represented by a Global Security are transferable by the registered owner hereof upon surrender hereof at the corporate trust office of the Trustee, together with a written instrument of transfer in approved form, signed by the owner or his duly authorized attorney, and a new Series O Bond or Bonds for a like principal amount will be issued in exchange, all as provided in the Indenture. Prior to due presentment for registration of transfer of this Bond, the Company and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof, whether or not such Series O Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

Series O Bonds not represented by a Global Security are exchangeable at the option of the registered holder hereof upon surrender hereof, at the corporate trust office of the Trustee in Morristown, New Jersey or the corporate trust offices of its successors, for an equal principal amount of bonds of this series of other authorized denominations, in the manner and on the terms provided in the Indenture.

Notwithstanding the provisions of Section 2.7 of the Original Indenture, no charge, except for taxes or other governmental charges, shall be made by the Company for any registration of transfer of Series O Bonds or for the exchange of any Series O Bonds for such bonds of other authorized denominations.

Neither the failure to give any notice nor any defect in any notice given to the holder of the Global Securities or Series O Bonds not represented by a Global Security, will affect the sufficiency of any notice given to any other holder.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Series O Bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, to or against any incorporator or against any stockholder, director or officer, past, present or future, as such, of the Company or any affiliate of the Company, or of any predecessor or successor company, either directly or through the Company, or such predecessor or successor company or any trustee, receiver or assignee or otherwise, under any constitution, or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors or officers, as such, being waived and released by the holder and owner hereof by the acceptance of this Series O Bond and as part of the consideration for the issuance hereof and being likewise waived and released by the terms of the Indenture.

[END OF FORM OF REVERSE OF SERIES O BOND]

SCHEDULE B

Description of Certain Properties Acquired Since September 1, 2007

The following deeds and conveyances, recorded in the Registries of Deeds in the Counties in New Hampshire indicated, contain descriptions of certain properties acquired in fee simple by the Company since September 1, 2007.

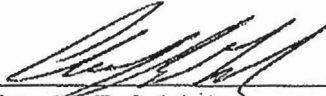
<u>Grantor</u>	<u>Date</u>	<u>Book/Page</u>	<u>County/Town</u>
John E. Hayward and William T. Wormell	09/19/2007	3019/1495	Merrimack/Concord
Estate of Samuel Tamposi	10/05/2007	7912/2808	Hillsborough/Nashua
Properties, Inc.	12/11/2007	4874/2417	Rockingham/Danville
Richard P. Boucher and Heather Boucher	04/11/2008	7970/1565	Hillsborough/Nashua

ENDORSEMENT

U.S. Bank National Association, Trustee, being the mortgagee in the foregoing Supplemental Indenture, hereby consents to the cutting of any timber standing upon any of the lands covered by said Supplemental Indenture and to the sale of any such timber so cut and of any personal property covered by said Supplemental Indenture to the extent, but only to the extent, that such sale is permitted under the provisions of the Original Indenture as referred to in, and as amended by, the Tenth Supplemental Indenture thereto dated as of May 1, 1991, the Twelfth Supplemental Indenture dated as of December 1, 2001, the Thirteenth Supplemental Indenture dated as of July 1, 2004, the Fourteenth Supplemental Indenture dated as of October 1, 2005, the Fifteenth Supplemental Indenture dated as of September 1, 2007 and the Sixteenth Supplemental Indenture dated as of May 1, 2008.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee as aforesaid

By: _____


Christopher E. Golabek
Vice President

Signed and acknowledged
on behalf of U.S. Bank National Association
in the presence of us:




Witnesses