

Unitil Corporation Retirement Plan

**Pension Expense and Financial
Disclosure for the Fiscal Year Ended
December 31, 2010**

and

**Preliminary Net Periodic Pension
Cost for the Fiscal Year Ending
December 31, 2011**

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SECTION I

ACTUARIAL CERTIFICATION

Purpose of Report

This report presents the results of the financial disclosure information for the Unital Corporation Retirement Plan for the fiscal year ended December 31, 2010 in accordance with the accounting requirements under the Financial Accounting Standards Board ASC 715-30. The end of year liabilities are based on a 5.35% discount rate. In addition, we have calculated the preliminary ASC 715-30 Net Periodic Pension Cost (Expense) for the fiscal year ending December 31, 2011. This amount can be considered final, unless there are any material changes affecting the Plan during the current fiscal year such as a change in the benefits provided or a significant change in the covered population or contributions to the Plan, which may require a re-measurement for the changes. Section II contains a summary of the results of the disclosure report.

Methodology

The actuarial assumptions were selected by the company subject to the concurrence of its auditors. Plan asset information is summarized in Section VII. Census data is summarized in Sections VIII and IX. The Actuarial Assumptions are summarized in Section X. The Plan Provisions are summarized in Section XI.

Actuarial Certification of Assumptions and Methods

This report has been prepared in accordance with generally accepted actuarial principles and practices. The accounting calculations in the report are consistent with our understanding of the provisions of FASB ASC 715-30.



January 25, 2011

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January 25, 2011

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SECTION II

PRINCIPAL RESULTS

	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
A. <u>Comparative Summary of Disclosure</u>		
(1) Projected benefit obligation	\$ 89,392,887	\$ 79,288,037
(2) Fair value of plan assets	54,100,352	47,082,101
(3) Funded status	(35,292,535)	(32,205,936)
(4) Accumulated other comprehensive income	45,457,116	43,652,791
(5) Net amount recognized	10,164,581	11,446,855
(6) Market-related value of assets	51,451,063	50,945,718
(7) Final net periodic pension cost	5,584,274	4,037,571
(8) Accumulated benefit obligation	\$ 78,419,447	\$ 68,974,762
(9) Discount rate	5.35%	5.75%
B. <u>Comparative Summary of Net Periodic Pension Cost</u>	<u>Fiscal Year Ending December 31, 2011</u>	<u>Fiscal Year Ending December 31, 2010</u>
(1) Net periodic pension cost	\$ 6,166,104	\$ 5,584,274
(2) Discount rate	5.35%	5.75%

SECTION III

ASC 715-30 DISCLOSURE

	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
A. <u>Change in Projected Benefit Obligation</u>		
(1) Projected benefit obligation at beginning of year	\$ 79,288,037	\$ 70,385,658
(2) Service cost	2,608,471	2,282,287
(3) Interest cost	4,457,438	4,294,221
(4) Participant contributions	0	0
(5) Plan amendments	0	0
(6) Acquisitions/ divestitures	0	0
(7) Exchange rate changes	0	0
(8) Curtailment (gain) or loss	(1,632)	(599,750)
(9) Settlement (gain) or loss	0	0
(10) Special termination benefits	0	0
(11) Benefits paid	(3,184,849)	(3,741,701)
(12) Settlement payments	0	0
(13) Actuarial (gain) or loss	<u>6,225,422</u>	<u>6,667,322</u>
(14) Projected benefit obligation at end of year	\$ 89,392,887	\$ 79,288,037
B. <u>Change in Plan Assets</u>		
(1) Fair value of plan assets at beginning of year	\$ 47,082,101	\$ 39,123,338
(2) Actual return on plan assets	5,901,100	8,017,875
(3) Acquisitions/ divestitures	0	(544,211)
(4) Employer contributions	4,302,000	4,226,800
(5) Participant contributions	0	0
(6) Benefits paid	(3,184,849)	(3,741,701)
(7) Settlement payments	0	0
(8) Administrative expenses	0	0
(9) Asset transfer	<u>0</u>	<u>0</u>
(10) Fair value of plan assets at end of year	\$ 54,100,352	\$ 47,082,101
C. <u>Funded Status at End of Year: B(10) – A(14)</u>	<u>\$ (35,292,535)</u>	<u>\$ (32,205,936)</u>

SECTION III

ASC 715-30 DISCLOSURE

(continued)

<u>D. Amounts Recognized in the Statement of Financial Position Consist of:</u>	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
(1) Noncurrent assets	\$ 0	\$ 0
(2) Current liabilities	0	0
(3) Noncurrent liabilities	<u>(35,292,535)</u>	<u>(32,205,936)</u>
(4) Total	\$ (35,292,535)	\$ (32,205,936)
<u>E. Amounts Recognized in Accumulated Other Comprehensive Income (AOCI) Consist of:</u>		
(1) Net (gain) or loss	\$ 43,717,331	\$ 41,618,862
(2) Prior service cost	1,739,785	2,033,929
(3) Transition (asset) obligation	<u>0</u>	<u>0</u>
(4) Accumulated other comprehensive income	<u>\$ 45,457,116</u>	<u>\$ 43,652,791</u>
<u>F. Accumulated Benefit Obligation</u>	<u>\$ 78,419,447</u>	<u>\$ 68,974,762</u>
<u>G. Components of Net Periodic Pension Cost</u>		
(1) Service cost	\$ 2,608,471	\$ 2,282,287
(2) Interest cost	4,457,438	4,294,221
(3) Expected return on plan assets	(4,181,137)	(4,431,586)
(4) Amortization of transition (asset) or obligation	0	0
(5) Amortization of prior service cost	253,340	263,530
(6) Amortization of net (gain) or loss	2,405,358	1,597,520
(7) Curtailment recognition	40,804	31,599
(8) Settlement recognition	0	0
(9) Special termination benefits	<u>0</u>	<u>0</u>
(10) Net periodic pension cost	\$ 5,584,274	\$ 4,037,571

SECTION III

ASC 715-30 DISCLOSURE

(continued)

H. <u>Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (OCI)</u>	Fiscal Year Ending <u>December 31, 2010</u>	Fiscal Year Ending <u>December 31, 2009</u>
(1) Net (gain) or loss	\$ 2,098,469	\$ 1,427,974
(2) Prior service cost	0	0
(3) Amortization of prior service cost	(294,144)	(295,129)
(4) Amortization of transition (asset) or obligation	0	0
(5) Total recognized in other comprehensive income	<u>1,804,325</u>	<u>1,132,845</u>
(6) Total recognized in net periodic benefit cost and OCI	<u>\$ 7,388,599</u>	<u>\$ 5,170,416</u>
I. <u>Estimated Amortizations from the AOCI into Net Periodic Pension Cost Over the Next Fiscal Year</u>		
(1) Amortization of net (gain) or loss	\$ 3,131,994	\$ 2,405,358
(2) Amortization of prior service cost	249,369	253,340
(3) Amortization of transition (asset) or obligation	\$ 0	\$ 0

SECTION III

ASC 715-30 DISCLOSURE

(continued)

	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
Weighted-average assumptions used to determine benefit obligations		
Measurement date	December 31, 2010	December 31, 2009
Discount rate	5.35%	5.75%
Rate of compensation increase	3.50%	3.50%

Weighted-average assumptions used to determine net periodic pension cost

	December 31, 2009	December 31, 2008
Measurement date	December 31, 2009	December 31, 2008
Discount rate	5.75%	6.25%
Expected long-term rate of return on plan assets	8.50%	8.50%
Rate of compensation increase	3.50%	3.50%

Plan Assets	Target Allocation	Percentage of Plan Assets at	
		December 31	
<u>Asset Category</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Equity Securities	57%	58%	59%
Debt Securities	43%	42%	40%
Real Estate	0%	0%	0%
Other	0%	0%	1%
Total		100%	100%

Cash Flows		
<u>Contributions</u>	<u>Employer</u>	<u>Participants</u>
2009	\$ 4,226,800	\$ 0
2010	\$ 4,302,000	\$ 0
Expected 2011	\$ 11,000,000	\$ 0
<u>Benefit Payments</u>		
2009	\$ 3,741,701	
2010	\$ 3,184,849	
<u>Estimated Future Benefit Payments</u>		
2011	\$ 3,740,178	
2012	\$ 3,958,206	
2013	\$ 4,143,745	
2014	\$ 4,364,651	
2015	\$ 4,524,685	
Years 2016 - 2020	\$ 26,922,473	

SECTION IV

RECONCILIATION OF NET AMOUNT RECOGNIZED

	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
(1) Net amount recognized at end of prior year	\$ 11,446,855	\$ 11,257,626
(2) Net periodic pension cost for the fiscal year	5,584,274	4,037,571
(3) Contributions paid during the fiscal year	<u>4,302,000</u>	<u>4,226,800</u>
(4) Net amount recognized at end of current year (1) – (2) + (3)	\$ 10,164,581	\$ 11,446,855

SECTION V

DEVELOPMENT OF PRELIMINARY NET PERIODIC PENSION COST

The following calculations were performed in accordance with the Financial Accounting Standards Board ASC 715-30 and may be used for purposes of reporting pension cost. The net periodic pension cost, as required and calculated under ASC 715-30 will be charged against income, and it will also be disclosed in a footnote to the Company's financial statements.

Actuarial computations under ASC 715-30 are for purposes of fulfilling employer financial accounting requirements. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein.

	Preliminary Fiscal Year Ending <u>December 31, 2011</u>	Final Fiscal Year Ending <u>December 31, 2010</u>
A. <u>Net Periodic Pension Cost</u>		
(1) Service cost	\$ 2,941,420	\$ 2,608,471
(2) Interest cost	4,683,773	4,457,438
(3) Expected return on assets	4,840,452	4,181,137
(4) Amortization of transition (asset) or obligation from item B	0	0
(5) Amortization of prior service cost from item C	249,369	253,340
(6) Recognition of (gain) or loss from item D(13)	3,131,994	2,405,358
(7) Curtailment recognition	<u>N/ A</u>	<u>40,804</u>
(8) Net periodic pension cost: (1) + (2) - (3) + (4) + (5) + (6) + (7)	\$ 6,166,104	\$ 5,584,274

SECTION V

DEVELOPMENT OF PRELIMINARY NET PERIODIC PENSION COST

(continued)

B. Amortization of Transition (Asset) or Obligation

None.

C. Amortization of Prior Service Cost

<u>Date Established</u>	<u>Unrecognized Amount December 31, 2010</u>	<u>Remaining Years in Amortization Period</u>	<u>Amount to be Recognized During 2011</u>
May 1, 1998	\$ 108,212	1.23	\$ 89,260
June 1, 2000	(22,324)	4.42	(5,051)
January 1, 2002	18,957	5.00	3,791
June 1, 2005	60,774	7.42	8,192
December 1, 2008	<u>1,574,166</u>	10.28	<u>153,177</u>
	\$ 1,739,785		\$ 249,369

SECTION V

DEVELOPMENT OF PRELIMINARY NET PERIODIC PENSION COST

(continued)

<u>D. Development and Recognition of (Gain) or Loss</u>	<u>Fiscal Year Ending December 31, 2011</u>
(1) Projected benefit obligation	\$ 89,392,887
(2) Fair value of assets	54,100,352
(3) Unrecognized transition (asset) or obligation	0
(4) Unrecognized prior service cost	1,739,785
(5) (Accrued) or prepaid pension expense	10,164,581
(6) Unrecognized (gain) or loss: (1) – (2) – (3) – (4) + (5)	43,717,331
(7) (Gain) or loss not reflected in market-related value	
(a) Fair value of assets	54,100,352
(b) Market-related value of assets	51,451,063
(c) Amount not reflected in market-related value of assets: (a) – (b)	2,649,289
(8) (Gain) or loss subject to amortization: (6) + (7)(c)	46,366,620
(9) Greater of (1) or (7)(b)	89,392,887
(10) 10% of (9)	8,939,289
(11) (Gain) or loss, subject to recognition: excess of absolute value of (8) over (10), not less than zero	\$ 37,427,331
(12) Average future service of plan participants expected to receive benefits	11.95 years
(13) Amount to recognize for the year: (11) ÷ (12)	\$ 3,131,994

SECTION VI

QUARTERLY NET PERIODIC PENSION COST

<u>Quarterly Net Periodic Pension Cost</u>	<u>Fiscal Year Ending December 31, 2011</u>
(1) Service cost	\$ 735,355
(2) Interest cost	1,170,943
(3) Expected return on assets	1,210,113
(4) Net amortizations	<u>845,341</u>
(5) Quarterly net periodic pension cost: (1) + (2) – (3) + (4)	\$ 1,541,526

SECTION VII

DEVELOPMENT OF MARKET-RELATED VALUE OF ASSETS

(1)	Fair value as of January 1, 2010	\$ 47,082,101
(2)	Contributions	4,302,000
(3)	Interest on (1) and (2), at 8.50% per annum	4,144,479
(4)	Benefit payments	(3,184,849)
(5)	Interest on (4), at 8.50% per annum	<u>(132,596)</u>
(6)	Expected fair value of assets as of January 1, 2011	52,211,135
(7)	Actual fair value of assets as of January 1, 2011	54,100,352
(8)	(Gain) or Loss for 2010 plan year: (6) – (7)	(1,889,217)
(9)	Adjustment to Market Value	

	(a)	(b)	(c) <u>Amount not yet</u> <u>Recognized:</u> <u>(a) x (b)</u>
<u>Year</u>	<u>(Gain)/ Loss</u>	<u>Fraction not yet</u> <u>Recognized</u>	
2010	\$ (1,889,217)	2/ 3	\$ (1,259,478)
2009	(4,169,433)	1/ 3	<u>(1,389,811)</u>
			\$ (2,649,289)
(10)	Market-related value of assets as of January 1, 2011: (7) + (9)(c)		\$ 51,451,063

SECTION VIII

RECONCILIATION OF PLAN PARTICIPANTS

	Active Plan Members	Plan Members with Deferred Benefits	Plan Members Receiving Benefits	Total Number of Plan Members
As of January 1, 2009	409	151	240	800
New entrants	44	N/ A	N/ A	44
Rehires	4	(2)	0	2
Terminations with vesting	(4)	4	N/ A	0
Terminations without vesting	(9)	N/ A	N/ A	(9)
Retirements	(14)	(6)	20	0
Disability retirements	0	0	0	0
Lump sums paid	(2)	0	0	(2)
Deaths	0	0	(7)	(7)
Survivors (with benefits)	N/ A	0	3	3
Expiration of benefits	N/ A	N/ A	0	0
Transfers in	0	N/ A	N/ A	0
Transfers out	0	0	N/ A	0
Adjustments	1	0	(1)	0
Net change	20	(4)	15	31
As of January 1, 2010	429*	147	255	831

* Includes 77 non-union participants who elected to freeze benefit accruals under the Plan effective December 31, 2009. As of December 31, 2010, 4 Portsmouth union participants elected to freeze benefit accruals under the Plan.

SECTION IX

AGE/ SERVICE DISTRIBUTION
OF ACTIVE PLAN PARTICIPANTS
 (as of January 1, 2010)

<u>Age</u>Completed Years of Credited Service										<u>Total</u>
	0 to <u>1</u>	1 to <u>4</u>	5 to <u>9</u>	10 to <u>14</u>	15 to <u>19</u>	20 to <u>24</u>	25 to <u>29</u>	30 to <u>34</u>	35 to <u>39</u>	40 ±	
0 – 24	5	2	0	0	0	0	0	0	0	0	7
25 – 29	3	11	5	1	0	0	0	0	0	0	20
30 – 34	6	10	6	1	0	0	0	0	0	0	23
35 – 39	2	16	13	9	2	0	0	0	0	0	42
40 – 44	10	9	18	12	7	6	0	0	0	0	62
45 – 49	6	18	13	26	13	25	11	1	0	0	113
50 – 54	7	9	6	11	6	14	8	6	0	0	67
55 – 59	4	9	6	9	5	5	8	5	8	1	60
60 – 64	0	4	8	4	1	5	1	1	1	5	30
65 – 69	0	0	0	4	0	0	0	0	0	1	5
70 & Up	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	43	88	75	77	34	55	28	13	9	7	429

SECTION X

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

A. ACTUARIAL COST METHOD

The actuarial cost method used to calculate the costs and liabilities of the plan is the Projected Unit Credit Actuarial Cost Method. Under this method, the service cost and projected benefit obligation (PBO) are both based on an accrual of projected benefits over the period for which benefits are accrued. The service cost is the actuarial present value of one year's benefit accrual on this basis. The PBO for active participants is the actuarial present value of the projected benefit times the ratio of past service to total service. The PBO for retired and terminated vested participants is equal to the actuarial present value of the accrued benefit.

B. ASSET VALUATION METHOD

The market-related value of assets is equal to the market value of plan assets as of the end of the prior plan year adjusted for unrealized and realized gains (losses) phased in over a three year period.

C. VALUATION PROCEDURES

The valuation is based on employee and financial data provided by the company and trustee, respectively, and summarized in this report. A plan's actuary would not customarily verify this data. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

All employees who are participants in the plan on the valuation date are included in the actuarial valuation.

D. ACTUARIAL ASSUMPTIONS (as of December 31, 2010 Measurement Date)

Principal Rates

<i>Discount rate</i>	5.35% (previously, 5.75%).
<i>Expected long-term rate of return on assets</i>	8.50%
<i>IRC maximum benefit and compensation limitation increases</i>	3.00%
<i>Wage base increases</i>	3.00%

Pre- and Post-Retirement Mortality

2010 static mortality table in accordance with IRS Regulation 1.430(h)(3)-1 (previously, the 2009 static mortality table).

SECTION X

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. ACTUARIAL ASSUMPTIONS (cont'd)

IRC Maximum Benefit and
Compensation Limitations

Benefit Limit \$195,000 for 2010

Compensation Limit \$245,000 for 2010

Salary Increases 3.50% per year for all divisions other than Northern Utilities Union.

Northern Utilities Union:

<u>Age</u>	<u>Rate</u>
20-29	6.5%
30-34	5.0%
35-39	4.5%
40-49	4.0%
50+	3.5%

Withdrawal Rates

Sample rates as follows:

Non-Northern Utilities Union:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	9.9%	14.9%
30	6.9%	9.9%
35	4.9%	6.9%
40	2.8%	4.9%
45	1.7%	2.8%
50	0.4%	1.7%
55	0.0%	0.4%

Northern Utilities Union:

<u>Age</u>	<u>Service</u>	
	<u>< 5 years</u>	<u>≥ 5 years</u>
25	14.0%	7.0%
30	12.0%	6.0%
35	8.0%	4.0%
40	5.0%	2.5%
45	4.0%	2.0%
50	3.0%	1.5%
55	0.0%	0.0%

SECTION X

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. ACTUARIAL ASSUMPTIONS (cont'd)

Retirement Age

Sample rates as follows:

Non-Bargained Employees:

<u>Age</u>	<u>Rate</u>
55-59	2.0%
60	10.0%
61	5.0%
62	50.0%
63-64	7.5%
65	100.0%

Bargaining Unit Employees
(other than Northern Utilities):

<u>Age</u>	<u>Rate</u>
55-59	3.0%
60	12.0%
61	7.0%
62	50.0%
63-64	10.0%
65	100.0%

Northern Utilities Union:

<u>Age</u>	<u>Service</u>	
	<u>< 25 years</u>	<u>≥ 25 years</u>
55-59	2.0%	5.0%
60-61	5.0%	30.0%
62	25.0%	30.0%
63-64	10.0%	30.0%
65	50.0%	50.0%
66	100.0%	100.0%

SECTION X

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. ACTUARIAL ASSUMPTIONS (cont'd)

Disability Rates

1985 Wyatt Company Table of Incidence.
Sample rates as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.093%	0.096%
40	0.314%	0.357%
45	0.505%	0.522%
50	0.830%	0.854%
55	1.502%	1.490%

There are no disability rates for Northern Utilities Union.

Disability Mortality

Revenue Ruling 96-7 Post Disability Mortality Table.

Marital Assumption

It has been assumed that 100% of all participants are married. Husbands are assumed to be three years older than their wives (previously, for Northern Utilities Union, it was assumed that 80% of their participants were married while all other divisions assumed 100%).

Form of Payment

Life annuity for all divisions other than Northern Utilities Union.

For Northern Utilities Union, it has been assumed that 30% elect an annuity and 70% elect a lump sum payment upon termination.

Plan Expenses

None.

SECTION XI

SUMMARY OF PLAN PROVISIONS

Effective Date January 1, 1985. Amended and restated generally effective May 1, 1998. Most recent amendment effective December 31, 2010.

Eligibility All eligible employees shall become participants in the plan on the first day of the month following completion of three months of service. Non-Union and Portsmouth Union employees hired on or after January 1, 2010 and January 1, 2011, respectively, are not eligible to participate in the Plan.

The employees in the following divisions who were participants as of the Decision Date were given the choice to continue participation in the Plan or have their benefit frozen as of the Freeze Date and accrue future benefits outside the Plan:

<u>Division</u>	<u>Decision and Freeze Date</u>
All Non-Union	December 31, 2009
Northern Portsmouth Union	December 31, 2010

Participants who elected to freeze their benefits are still considered active participants of the Plan. Though their benefits under the Plan will not increase, they will have the opportunity to earn additional Vesting Service.

Credited Service One year of service is given for each calendar year in which a participant completes 1,000 hours.

Northern Utilities Non-Union and Granite State Non-Union employees will earn credited service for benefit accrual purposes effective December 1, 2008. Service prior to December 1, 2008 will be granted for vesting and eligibility purposes only.

Annual Wages Total wages inclusive of "sick pay" but excluding overtime, bonuses, supplementary incentive compensation payments and other non-recurring compensation. For commission salesmen, total wages include 75% of commissions earned during a plan year.

SECTION XI

SUMMARY OF PLAN PROVISIONS

(continued)

Average Monthly Wages

Highest 60 consecutive months of aggregate Annual Wages within the last 20 years.

Final Average Pay

Average of the highest three (3) years of Annual Wages in the ten (10) years preceding the effective date of the Employee's employment termination up to a maximum of \$50,000 for Northern Portland Union Employees and \$60,000 for Northern Portsmouth Union Employees.

Primary Social Security Benefit

Social Security benefits calculated for purposes of determining plan benefits are based on the Social Security Act in effect on December 31, 1970, current average monthly wages, and no future earnings after termination.

Social Security Supplement

For the Northern Utilities Union and Granite State Union divisions only, an Employee who has attained age sixty (60) but not age sixty-two (62) retires from active service, then his benefit shall be increased, but only until such Employee reaches age sixty-two (62), by an amount equal to the smaller of (a) 2 percent of such Employee's Final Average Pay multiplied by his years of Credited Service (but not more than twenty-five (25) such years), or (b) the Primary Social Security Benefit to which such Employee would be entitled at age sixty-two (62).

Such supplemental benefit shall be payable in the form of a single life annuity regardless of the form in which the Employee's other benefits hereunder are payable, terminating upon death if the Employee dies before attaining age sixty-two (62), provided, however, that if he elects a single lump sum form of payment for his other benefits hereunder, the value of such supplemental benefit shall also be payable as a single lump sum.

SECTION XI

SUMMARY OF PLAN PROVISIONS

(continued)

Normal or Deferred Retirement

Employees who have attained age 65 with five years of service may retire and are eligible for the normal retirement benefit.

For all divisions except for Northern Portland Union and Northern Portsmouth Union, the normal retirement benefit is equal to a percentage (calculated below) of the employee's Average Monthly Wages reduced by 50% of the Primary Social Security Benefit. The percentage of average monthly wages is the sum of:

- (i) 2% for each of the first 20 years of credited service, plus,
- (ii) 1% for each of the next 10 years of credited service, plus,
- (iii) 1/2% for each year of credited service in excess of 30 years.

The minimum monthly pension payable at normal retirement date is the greater of (a) \$100 or (b) the employees' accrued benefit as of May 1, 1998 under the plan or any predecessor plan, as that term is defined in the plan document.

For Northern Portland Union and Northern Portsmouth Union Employees, their normal retirement benefit consists of 1.25% of Final Average Pay for each year of Credited Service (up to a maximum of forty-five (45) years).

Early Retirement Date

For all divisions except for Northern Utilities Union and Granite State Union, employees with 15 or more years of credited service earned subsequent to attaining age 18 who have attained the age of 55 may retire at the beginning of any month.

SECTION XI

SUMMARY OF PLAN PROVISIONS

(continued)

Early Retirement Date *(cont'd)*

Effective June 1, 2005, bargaining unit employees (except for those in Northern Utilities and Granite State) may retire with an unreduced benefit if they have attained age 55, and the sum of age and credited service is greater than or equal to 85.

For Northern Utilities Union and Granite State Union, early retirement benefits are available for a participant who has attained the age of fifty-five (55) years and completed ten (10) or more years of Credited Service.

Early Retirement Benefit

For all divisions except for Northern Utilities Union and Granite State Union, the basic benefit is calculated the same as in the normal retirement formula but reduced, if payments commence before the employee's 60th birthday, by 5/12% for each month before age 60.

Employees who were employed by Fitchburg Gas and Electric Light Company as of May 1, 1998 may elect to have the early retirement provisions of their predecessor plan apply with respect to their accrued benefit as of October 1, 1998 with provisions of the restated plan applied to benefit accruals after May 1, 1998.

For the Northern Utilities Union and Granite State Union divisions, the basic benefit is calculated the same as in the normal retirement formula but reduced as follows:

- (a) If he has completed at least twenty-five (25) years of Credited Service and retires after the age of fifty-five (55) years and prior to the age of sixty (60) years, three tenths (3/10s) of 1 percent for each full month that the date such benefit is to commence precedes his sixtieth (60th) birthday;
- (b) If he has completed at least twenty-five (25) years of Credited Service and retires after the age of sixty (60) years, no reduction; or

SECTION XI

SUMMARY OF PLAN PROVISIONS

(continued)

Early Retirement Benefit (cont'd)

- (c) If he has completed less than twenty-five (25) years of Credited Service, three tenths ($3/10$) of 1 percent for each full month that the date such benefit is to commence precedes his Normal Retirement Date.
- (d) If he terminated employment before age 55, five ninths ($5/9$ ths) of 1 percent for each full month that the date on which such benefit is to commence precedes his Normal Retirement Date.

Disability Retirement

Employees with 15 or more years of credited service earned subsequent to age 18 who become totally and permanently disabled are eligible for a disability retirement benefit, subject to the following:

For all employees (except for Fitchburg Gas and Electric Light Company bargaining unit employees hired before June 1, 1985), the disability benefit commences on the employee's normal retirement date, and is based on the employee's average monthly wage at date of disability and on credited service that the employee had earned at his date of disability, plus credited service that he would have earned, had the employee not been disabled.

For Fitchburg Gas and Electric Light Company bargaining unit employees hired before June 1, 1985, the disability benefit is calculated based on the terms of the predecessor plan applicable to such employees. The disability benefit determined for such employees is payable immediately, and continues until such employee's normal retirement date (or cessation of disability, if earlier). The benefit is adjusted annually while in pay status to reflect additional credited service that would have been earned had the employee not been disabled.

SECTION XI

SUMMARY OF PLAN PROVISIONS

(continued)

Pre-Retirement Death Benefit

Each employee with five or more years of credited service who has not yet retired shall have a survivor annuity in effect for his or her spouse beginning the first day of the month following the employee's earliest retirement date.

The spouse shall receive an amount equal to 50% of the amount which the employee would have received if the employee had terminated employment the day prior to death, survived to their earliest retirement age, retired as of such date under a qualified joint and survivor annuity and died on the day after their earliest retirement age. The benefit formula is the same as for early retirement.

Employees who have retired under the terms of the plan but have not commenced receiving benefits at death, as well as employees who die while actively employed by the employer and after having completed at least 15 years of service, are eligible for an alternative minimum spouse benefit, the value of which will at least equal the value of the benefit described above.

Vesting

An employee whose employment is terminated before death or retirement is eligible for a vested deferred retirement benefit if he or she has earned the following credited service subsequent to attaining age 18:

<u>Division</u>	<u>Credited Service</u>
Northern Portland Union	Three (3) Years
Northern Portsmouth Union	Three (3) Years
All Other Divisions	Five (5) Years

The benefit is calculated the same as for normal retirement. If the benefit commences prior to the employee's normal retirement date, the benefit prior to the Social Security benefit offset is reduced by 1/12% for each of the first 35 full calendar months between commencement of benefits and normal retirement date, 11/12% for each of the next 12 months, 5/12% for each of the next 12 months and 1/2% for each of the next 60 months.

SECTION XI

SUMMARY OF PLAN PROVISIONS

(continued)

Form of Payment

The benefit is paid monthly ceasing at the retired employee's death. However, the normal form of payment for a married employee is a reduced payment which allows for a continuation of payments to the spouse after the employee's death. Spousal consent is required in the case of a married employee electing a form of benefit other than a joint and survivor annuity with the spouse as the contingent annuitant.

Lump-Sum Option

Northern Utilities Union and Granite State Union employees may elect a single lump sum upon termination or retirement in lieu of a monthly pension.

Funding

The Employer pays the entire cost of the plan.

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

1/10/11

UNITIL NON-UNION VOLUNTARY
EMPLOYEE BENEFIT TRUST

ACCOUNT 15296-NVEBA
FOR THE PERIOD
12/01/10 THROUGH 12/31/10

MR. GEORGE E. LONG, JR.
UNITIL CORPORATION
6 LIBERTY LANE WEST
HAMPTON, NH 03842

PLEASE REMEMBER TO PROVIDE YOUR SEI ACCOUNT EXECUTIVE WITH:

- * ANY RECENT PLAN AMENDMENTS TO YOUR PLAN
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CONTACT YOUR SEI ACCOUNT EXECUTIVE IF YOU HAVE QUESTIONS REGARDING THE ABOVE ITEMS

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

UNITIL CORPORATION NON-UNION VEBA
ACCOUNTING PERIOD
12/01/10 THROUGH 12/31/10

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SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-NVEBA

ASSET SUMMARY
AS OF 12/31/10
UNITIL CORPORATION NON-UNION VEBA

PAGE 1

DESCRIPTION	COST	PERCENT OF COST	MARKET VALUE	PERCENT OF MARKET	YIELD ON MARKET	EST. ANNUAL INCOME
MONEY MARKET FUNDS	0.00	0.00	0.00	0.00	0.00	0.00
EQUITY MUTUAL FUNDS	1,739,248.82	54.33	1,923,979.68	56.66	2.04	39,320.56
FIXED INCOME MUTUAL FUNDS	1,462,341.89	45.68	1,471,710.26	43.34	4.27	62,840.44
TOTAL ASSETS	3,201,590.71	100.00	3,395,689.94	100.00	3.01	102,161.00
ENDING ACCRUAL FOR PERIOD			4,690.27			
ENDING MARKET VALUE			3,400,380.21			

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
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ASSET STATEMENT
AS OF 12/31/10
UNITIL CORPORATION NON-UNION VEBA

PAGE 2

SHARES/ PAR VALUE	DESCRIPTION	COST VALUE	MARKET VALUE	MARKET PRICE	PERCENT OF MARKET	YIELD ON MARKET
MONEY MARKET FUNDS						
0.0000	SEI DAILY INCOME PRIME OBLIG FD:34	0.00	0.00	1.000	0.00	0.00
	CUSIP: 783965403					
TOTAL MONEY MARKET FUNDS		0.00	0.00		0.00	0.00
EQUITY MUTUAL FUNDS						
12,819.1530	SEI INSTL INVTS TR LARGE CAP INDEX FUND CLASS A LCIAX CUSIP: 783980857	1,261,735.15	1,397,800.44	109.040	41.16	1.84
36,928.0910	SEI INTERNATIONAL EQUITY FUND #281 SNTAX CUSIP: 783980600	270,058.50	279,914.93	7.580	8.24	4.02
19,748.5410	SEI SMALL CAP FUND (SIIT) #287 SLPAX CUSIP: 783980709	207,455.17	246,264.31	12.470	7.25	0.97
TOTAL EQUITY MUTUAL FUNDS		1,739,248.82	1,923,979.68		56.66	2.04
FIXED INCOME MUTUAL FUNDS						
OTHER ASSETS						
144,426.9150	SEI CORE FIXED INCOME FUND #285 SCOAX CUSIP: 783980204	1,462,341.89	1,471,710.26	10.19	43.34	4.27
TOTAL OTHER ASSETS		1,462,341.89	1,471,710.26		43.34	4.27

SEI Private Trust Company

1 Freedom Valley Drive, P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-NVEBA

ASSET STATEMENT
AS OF 12/31/10
UNITIL CORPORATION NON-UNION VEBA

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SHARES/ PAR VALUE	DESCRIPTION	COST VALUE	MARKET VALUE	MARKET PRICE	PERCENT OF MARKET	YIELD ON MARKET
	TOTAL FIXED INCOME MUTUAL FUNDS	1,462,341.89	1,471,710.28		43.34	4.27
	TOTAL ASSETS	3,201,590.71	3,395,689.94		100.00	3.01
	ENDING ACCRUAL FOR PERIOD		4,690.27			
	ENDING MARKET VALUE		3,400,380.21			

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-NVEBA

MARKET VALUE RECONCILIATION
12/1/10 THROUGH 12/31/10
UNITIL CORPORATION NON-UNION VEBA

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	CURRENT PERIOD	YEAR-TO-DATE
	-----	-----
BEGINNING VALUE	3,355,309.78	1,392,417.72
NET CONTRIBUTIONS		

EMPLOYER	28,000.00	2,735,000.00
TOTAL NET CONTRIBUTIONS	28,000.00	2,735,000.00
NET BENEFIT PAYMENTS		

PAYMENTS	-95,207.74	-1,077,420.82
TOTAL NET BENEFIT PAYMENTS	-95,207.74	-1,077,420.82
OTHER RECEIPTS/DISBURSEMENTS		

MISCELLANEOUS DISBURSEMENTS	0.00	-3,246.16
TRUSTEE/CUSTODY/PAYMENT FEES	0.00	-1,257.61
INVESTMENT MANAGEMENT FEES	0.00	-16,558.94
AUDIT EXPENSE	-2,652.25	-12,974.16
TOTAL OTHER RECEIPTS/DISBURSEMENTS	-2,652.25	-34,036.87
INVESTMENT ACTIVITY		

INCOME EARNED	22,802.32	93,792.83
REALIZED GAIN (LOSS)	63,652.58	74,327.89
UNREALIZED GAIN (LOSS)	28,475.52	216,299.46
TOTAL INVESTMENT ACTIVITY	114,930.42	384,420.18
OTHER ACTIVITY		

TOTAL OTHER ACTIVITY	0.00	0.00
NET CHANGE	45,070.43	2,007,962.49
	-----	-----

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
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MARKET VALUE RECONCILIATION
12/1/10 THROUGH 12/31/10
UNITIL CORPORATION NON-UNION VEBA

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ENDING MARKET VALUE

3,400,380.21

3,400,380.21

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

1/10/11

UNITIL UNION VOLUNTARY EMPLOYEE
BENEFIT TRUST

ACCOUNT 15296-UVEBA
FOR THE PERIOD
12/01/10 THROUGH 12/31/10

MR. GEORGE E. LONG, JR.
UNITIL CORPORATION
6 LIBERTY LANE WEST
HAMPTON, NH 03842

PLEASE REMEMBER TO PROVIDE YOUR SEI ACCOUNT EXECUTIVE WITH:

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SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

UNITIL CORPORATION UNION VEBA
ACCOUNTING PERIOD
12/01/10 THROUGH 12/31/10

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SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-UVEBA

ASSET SUMMARY
AS OF 12/31/10
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PAGE 1

DESCRIPTION	COST	PERCENT OF COST	MARKET VALUE	PERCENT OF MARKET	YIELD ON MARKET	EST. ANNUAL INCOME
MONEY MARKET FUNDS	0.00	0.00	0.00	0.00	0.00	0.00
EQUITY MUTUAL FUNDS	886,089.71	54.56	1,006,335.32	57.96	2.05	20,655.77
FIXED INCOME MUTUAL FUNDS	738,123.93	45.45	729,854.90	42.04	4.27	31,164.02
TOTAL ASSETS	1,624,213.64	100.00	1,736,190.22	100.00	2.99	51,819.79
ENDING ACCRUAL FOR PERIOD			2,258.36			
ENDING MARKET VALUE			1,738,448.58			

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-UVEBA

ASSET STATEMENT
AS OF 12/31/10
UNITIL CORPORATION UNION VEBA

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SHARES/ PAR VALUE	DESCRIPTION	COST VALUE	MARKET VALUE	MARKET PRICE	PERCENT OF MARKET	YIELD ON MARKET
MONEY MARKET FUNDS						
0.0000	SEI DAILY INCOME PRIME OBLIG FD:34	0.00	0.00	1.000	0.00	0.00
	CUSIP: 783965403					
TOTAL MONEY MARKET FUNDS		0.00	0.00		0.00	0.00
EQUITY MUTUAL FUNDS						
6,663.0000	SEI INSTL INVTS TR LARGE CAP INDEX FUND CLASS A LCIAX CUSIP: 783980857	639,408.06	726,533.52	109.040	41.85	1.84
19,873.1810	SEI INTERNATIONAL EQUITY FUND #281 SNTAX CUSIP: 783980600	137,843.79	150,638.71	7.580	8.68	4.02
10,357.9060	SEI SMALL CAP FUND (SIIT) #287 SLPAX CUSIP: 783980709	108,837.86	129,163.09	12.470	7.44	0.97
TOTAL EQUITY MUTUAL FUNDS		886,089.71	1,006,335.32		57.96	2.05
FIXED INCOME MUTUAL FUNDS						
OTHER ASSETS						
71,624.6220	SEI CORE FIXED INCOME FUND #285 SCOAX CUSIP: 783980204	738,123.93	729,854.90	10.19	42.04	4.27
TOTAL OTHER ASSETS		738,123.93	729,854.90		42.04	4.27

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
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ASSET STATEMENT
AS OF 12/31/10
UNITIL CORPORATION UNION VEBA

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SHARES/ PAR VALUE	DESCRIPTION	COST VALUE	MARKET VALUE	MARKET PRICE	PERCENT OF MARKET	YIELD ON MARKET
	TOTAL FIXED INCOME MUTUAL FUNDS	738,123.93	729,854.90		42.04	4.27
	TOTAL ASSETS	1,624,213.64	1,736,190.22		100.00	2.99
	ENDING ACCRUAL FOR PERIOD		2,258.36			
	ENDING MARKET VALUE		1,738,448.58			

SEI Private Trust Company

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ACCOUNT NUMBER
15296-UVEBA

MARKET VALUE RECONCILIATION
12/1/10 THROUGH 12/31/10
UNITIL CORPORATION UNION VEBA

PAGE 4

	CURRENT PERIOD	YEAR-TO-DATE
	-----	-----
BEGINNING VALUE	1,612,669.80	1,079,307.08
NET CONTRIBUTIONS		
EMPLOYER	137,250.00	1,638,000.00
TOTAL NET CONTRIBUTIONS	137,250.00	1,638,000.00
NET BENEFIT PAYMENTS		
PAYMENTS	-67,669.11	-713,257.72
TOTAL NET BENEFIT PAYMENTS	-67,669.11	-713,257.72
OTHER RECEIPTS/DISBURSEMENTS		
MISCELLANEOUS DISBURSEMENTS	0.00	-2,553.29
TRUSTEE/CUSTODY/PAYMENT FEES	0.00	-502.43
INVESTMENT MANAGEMENT FEES	0.00	-6,611.37
AUDIT EXPENSE	-2,652.25	-12,974.16
TRANSFER TO OTHER ACCOUNT	0.00	-400,000.00
TOTAL OTHER RECEIPTS/DISBURSEMENTS	-2,652.25	-422,641.25
INVESTMENT ACTIVITY		
INCOME EARNED	11,876.73	35,408.13
REALIZED GAIN (LOSS)	29,864.76	124,643.48
UNREALIZED GAIN (LOSS)	17,108.65	-3,011.14
TOTAL INVESTMENT ACTIVITY	58,850.14	157,040.47
OTHER ACTIVITY		
TOTAL OTHER ACTIVITY	0.00	0.00
NET CHANGE	125,778.78	659,141.50

SEI Private Trust Company

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ACCOUNT NUMBER
15298-UVEBA

MARKET VALUE RECONCILIATION
12/1/10 THROUGH 12/31/10
UNITIL CORPORATION UNION VEBA

PAGE 5

ENDING MARKET VALUE

1,738,448.58

1,738,448.58

SEI Private Trust Company

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1/10/11

UNITIL EMPLOYEE HEALTH & WELFARE BENEFITS PLAN

ACCOUNT 15296-401H

FOR THE PERIOD

12/01/10 THROUGH 12/31/10

MR. GEORGE E. LONG, JR.
UNITIL CORPORATION
6 LIBERTY LANE WEST
HAMPTON, NH 03842

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SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

UNITIL CORPORATION 401(H)
ACCOUNTING PERIOD
12/01/10 THROUGH 12/31/10

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SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-401H

ASSET SUMMARY
AS OF 12/31/10
UNITIL CORPORATION 401(H)

PAGE 1

DESCRIPTION	COST	PERCENT OF COST	MARKET VALUE	PERCENT OF MARKET	YIELD ON MARKET	EST. ANNUAL INCOME
MONEY MARKET FUNDS	0.00	0.00	0.00	0.00	0.00	0.00
EQUITY MUTUAL FUNDS	1,869,327.66	54.61	2,117,028.83	56.94	2.04	43,098.66
FIXED INCOME MUTUAL FUNDS	1,553,960.43	45.39	1,601,301.45	43.07	4.27	68,373.84
TOTAL ASSETS	3,423,288.09	100.00	3,718,330.28	100.00	3.00	111,472.50
ENDING ACCRUAL FOR PERIOD			4,966.37			
ENDING MARKET VALUE			3,723,296.65			

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-401H

ASSET STATEMENT
AS OF 12/31/10
UNITIL CORPORATION 401(H)

PAGE 2

SHARES/ PAR VALUE	DESCRIPTION	COST VALUE	MARKET VALUE	MARKET PRICE	PERCENT OF MARKET	YIELD ON MARKET
MONEY MARKET FUNDS						
0.0000	SEI DAILY INCOME PRIME OBLIG FD:34	0.00	0.00	1.000	0.00	0.00
	CUSIP: 783965403					
TOTAL MONEY MARKET FUNDS		0.00	0.00		0.00	0.00
EQUITY MUTUAL FUNDS						
14,101.9250	SEI INSTL INVTS TR LARGE CAP INDEX FUND CLASS A LCIAX CUSIP: 783980857	1,351,985.82	1,537,673.90	109.040	41.35	1.84
39,923.1080	SEI INTERNATIONAL EQUITY FUND #281 SNTAX CUSIP: 783980600	297,011.42	302,617.16	7.580	8.14	4.02
22,192.2830	SEI SMALL CAP FUND (SIIT) #287 SLPAX CUSIP: 783980709	220,330.42	276,737.77	12.470	7.44	0.97
TOTAL EQUITY MUTUAL FUNDS		1,869,327.66	2,117,028.83		56.94	2.04
FIXED INCOME MUTUAL FUNDS						
OTHER ASSETS						
157,144.4010	SEI CORE FIXED INCOME FUND #285 SCOAX CUSIP: 783980204	1,553,960.43	1,601,301.45	10.19	43.07	4.27
TOTAL OTHER ASSETS		1,553,960.43	1,601,301.45		43.07	4.27

SEI Private Trust Company

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ACCOUNT NUMBER
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ASSET STATEMENT
AS OF 12/31/10
UNITIL CORPORATION 401(H)

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SHARES/ PAR VALUE	DESCRIPTION	COST VALUE	MARKET VALUE	MARKET PRICE	PERCENT OF MARKET	YIELD ON MARKET
	TOTAL FIXED INCOME MUTUAL FUNDS	1,553,960.43	1,601,301.45		43.07	4.27
	TOTAL ASSETS	3,423,288.09	3,718,330.28		100.00	3.00
	ENDING ACCRUAL FOR PERIOD		4,966.37			
	ENDING MARKET VALUE		3,723,296.65			

SEI Private Trust Company

1 Freedom Valley Drive P.O. Box 1100 Oaks, PA 19456

ACCOUNT NUMBER
15296-401H

MARKET VALUE RECONCILIATION
12/1/10 THROUGH 12/31/10
UNITIL CORPORATION 401(H)

PAGE 4

	CURRENT PERIOD	YEAR-TO-DATE
	-----	-----
BEGINNING VALUE	3,475,792.65	2,184,764.36
NET CONTRIBUTIONS		

EMPLOYER	124,750.00	1,159,000.00
TOTAL NET CONTRIBUTIONS	124,750.00	1,159,000.00
NET BENEFIT PAYMENTS		

TOTAL NET BENEFIT PAYMENTS	0.00	0.00
OTHER RECEIPTS/DISBURSEMENTS		

TRUSTEE/CUSTODY/PAYMENT FEES	0.00	-1,334.38
INVESTMENT MANAGEMENT FEES	0.00	-17,800.31
TOTAL OTHER RECEIPTS/DISBURSEMENTS	0.00	-18,934.69
INVESTMENT ACTIVITY		

INCOME EARNED	24,713.22	94,706.00
REALIZED GAIN (LOSS)	57,088.26	69,819.82
UNREALIZED GAIN (LOSS)	40,872.52	233,941.16
TOTAL INVESTMENT ACTIVITY	122,754.00	398,466.98
OTHER ACTIVITY		

TOTAL OTHER ACTIVITY	0.00	0.00
NET CHANGE	247,504.00	1,538,532.29
	-----	-----
ENDING MARKET VALUE	3,723,296.65	3,723,296.65
	=====	=====

**Unitil Corporation Postretirement Medical
and Life Insurance Benefits Plan**

**Postretirement Benefit Expense and
Financial Disclosure for the Fiscal Year
Ended December 31, 2010**

and

**Preliminary Postretirement Benefit Cost for
the Fiscal Year Ending December 31, 2011**

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SECTION I

ACTUARIAL CERTIFICATION

Purpose of Report

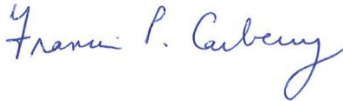
This report presents the results of the financial disclosure information for the Unital Corporation Postretirement Medical and Life Insurance Benefits Plan for the fiscal year ended December 31, 2010 in accordance with the accounting requirements under the Financial Accounting Standards Board ASC 715-60. The end of year liabilities are based on a 5.35% discount rate. In addition, we have calculated the preliminary ASC 715-60 Net Periodic Postretirement Benefit Cost (Expense) for the fiscal year ending December 31, 2011. This amount can be considered final, unless there are any material changes affecting the Plan during the current fiscal year such as a change in the benefits provided or a significant change in the covered population or contributions to the Plan, which may require a re-measurement for the changes. Section II contains a summary of the results of the disclosure report.

Methodology

The actuarial assumptions were selected by the company subject to the concurrence of its auditors. Plan asset information is summarized in Section VIII. The Actuarial Assumptions are summarized in Section IX. The Plan Provisions are summarized in Section X.

Actuarial Certification of Assumptions and Methods

This report has been prepared in accordance with generally accepted actuarial principles and practices. The accounting calculations in the report are consistent with our understanding of the provisions of FASB ASC 715-60.



January 25, 2011

Francis P. Carberry, F.S.A., E.A., M.A.A.A.
Vice President, Senior Consulting Actuary
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Date



January 25, 2011

Peer Review by: Colin B. Cassidy, A.S.A., E.A., M.A.A.A.
Vice President, Senior Consulting Actuary
Phone: (508) 903-6011
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Date

SECTION II
PRINCIPAL RESULTS

A. <u>Comparative Summary of Disclosure</u>	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
(1) Accumulated postretirement benefit obligation	\$ 43,343,817	\$ 35,694,527
(2) Fair value of plan assets	8,862,125	6,306,489
(3) Funded status	(34,481,692)	(29,388,038)
(4) Accumulated other comprehensive income	19,807,716	15,715,391
(5) Net amount recognized	(14,673,976)	(13,672,647)
(6) Market-related value of assets	8,862,125	6,306,489
(7) Final net periodic postretirement benefit cost	4,483,329	4,901,005
(8) Discount rate	5.35%	5.75%
B. <u>Comparative Summary of Net Periodic Postretirement Benefit Cost</u>	<u>Fiscal Year Ending December 31, 2011</u>	<u>Fiscal Year Ending December 31, 2010</u>
(1) Net periodic postretirement benefit cost	\$ 5,128,534	\$ 4,483,329
(2) Discount rate	5.35%	5.75%

SECTION III

ASC 715-60 DISCLOSURE

A. <u>Change in Accumulated Postretirement Benefit Obligation</u>	Fiscal Year Ending <u>December 31, 2010</u>	Fiscal Year Ending <u>December 31, 2009</u>
(1) Accumulated postretirement benefit obligation at beginning of year	\$ 35,694,527	\$ 37,655,203
(2) Service cost	1,466,298	1,416,589
(3) Interest cost	2,015,717	2,269,112
(4) Participant contributions	0	1,663
(5) Plan amendments	1,683,143	(2,381,675)
(6) Acquisitions/ divestitures	0	0
(7) Exchange rate changes	0	0
(8) Curtailment (gain) or loss	0	0
(9) Settlement (gain) or loss	0	0
(10) Special termination benefits	0	0
(11) Benefits paid	(1,848,411)	(1,730,554)
(12) Settlement payments	0	0
(13) Actuarial (gain) or loss	4,332,543	(1,535,811)
(14) Accumulated postretirement benefit obligation at end of year	\$ 43,343,817	\$ 35,694,527
B. <u>Change in Plan Assets</u>		
(1) Fair value of plan assets at beginning of year	\$ 6,306,489	\$ 4,361,349
(2) Actual return on plan assets	922,047	874,031
(3) Acquisitions/ divestitures	0	0
(4) Employer contributions	3,482,000	2,800,000
(5) Participant contributions	0	1,663
(6) Benefits paid	(1,848,411)	(1,730,554)
(7) Settlement payments	0	0
(8) Administrative expenses	0	0
(9) Asset transfer	0	0
(10) Fair value of plan assets at end of year	\$ 8,862,125	\$ 6,306,489
C. <u>Funded Status at End of Year: B(10) – A(14)</u>	\$ (34,481,692)	\$ (29,388,038)

SECTION III

ASC 715-60 DISCLOSURE

(continued)

<u>D. Amounts Recognized in the Statement of Financial Position Consist of:</u>	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
(1) Noncurrent assets	\$ 0	\$ 0
(2) Current liabilities	0	0
(3) Noncurrent liabilities	<u>(34,481,692)</u>	<u>(29,388,038)</u>
(4) Total	\$ (34,481,692)	\$ (29,388,038)
<u>E. Amounts Recognized in Accumulated Other Comprehensive Income (AOCI) Consist of:</u>		
(1) Net (gain) or loss	\$ 1,031,954	\$ (2,977,244)
(2) Prior service cost	18,732,938	18,628,425
(3) Transition (asset) obligation	<u>42,824</u>	<u>64,210</u>
(4) Accumulated other comprehensive income	<u>\$ 19,807,716</u>	<u>\$ 15,715,391</u>
<u>F. Components of Net Periodic Postretirement Benefit Cost</u>		
(1) Service cost	\$ 1,466,298	\$ 1,416,589
(2) Interest cost	2,015,717	2,269,112
(3) Expected return on plan assets	(598,702)	(439,904)
(4) Amortization of transition (asset) or obligation	21,386	21,386
(5) Amortization of prior service cost	1,578,630	1,633,822
(6) Amortization of net (gain) or loss	0	0
(7) Curtailment (gain) or loss	0	0
(8) Settlement (gain) or loss	0	0
(9) Special termination benefits	<u>0</u>	<u>0</u>
(10) Net periodic postretirement benefit cost	\$ 4,483,329	\$ 4,901,005

SECTION III

ASC 715-60 DISCLOSURE

(continued)

G.	<u>Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (OCI)</u>	Fiscal Year Ending December 31, 2010	Fiscal Year Ending December 31, 2009
(1)	Net (gain) or loss	\$ 4,009,198	\$ (1,969,938)
(2)	Prior service cost	1,683,143	(2,381,675)
(3)	Amortization of prior service cost	(1,578,630)	(1,633,822)
(4)	Amortization of transition (asset) or obligation	<u>(21,386)</u>	<u>(21,386)</u>
(5)	Total recognized in other comprehensive income	<u>4,092,325</u>	<u>(6,006,821)</u>
(6)	Total recognized in net periodic postretirement benefit cost and OCI	\$ <u>8,575,654</u>	\$ <u>(1,105,816)</u>
H.	<u>Estimated Amortizations from the AOCI into Net Periodic Postretirement Benefit Cost Over the Next Fiscal Year</u>		
(1)	Amortization of net (gain) or loss	\$ 0	\$ 0
(2)	Amortization of prior service cost	1,728,643	1,578,630
(3)	Amortization of transition (asset) or obligation	\$ 21,386	\$ 21,386

SECTION III

ASC 715-60 DISCLOSURE

(continued)

	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
Weighted-average assumptions used to determine benefit obligations		
Measurement date	December 31, 2010	December 31, 2009
Discount rate	5.35%	5.75%
Rate of compensation increase	N/ A	N/ A
Health care cost trend rate assumed for next year	7.00%	7.50%
Ultimate health care cost trend rate	4.00%	4.00%
Year that the rate reaches the ultimate trend rate	2017	2017

Weighted-average assumptions used to determine net periodic postretirement benefit cost

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Measurement date	December 31, 2009	December 31, 2008
Discount rate	5.75%	6.25% / 5.50%
Expected long-term rate of return on plan assets	8.50%	8.50%
Rate of compensation increase	N/ A	N/ A
Health care cost trend rate assumed for next year	7.50%	8.00%
Ultimate health care cost trend rate	4.00%	4.00%
Year that the rate reaches the ultimate trend rate	2017	2017

Assumed health care cost trend rates may have a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>1-Percentage Point Increase</u>		
Effect on total of service and interest cost	\$ 727,657	\$ 734,644
Effect on postretirement benefit obligation	\$ 7,529,525	\$ 5,887,230
<u>1-Percentage Point Decrease</u>		
Effect on total of service and interest cost	\$ (565,320)	\$ (576,353)
Effect on postretirement benefit obligation	\$ (5,996,672)	\$ (4,704,226)

SECTION III

ASC 715-60 DISCLOSURE

(continued)

Plan Assets	Percentage of Plan Assets at December 31		
Asset Category	Target Allocation 2011	2010	2009
Equity Securities	55%	Not Available	56%
Debt Securities	45%	Not Available	44%
Real Estate	0%	Not Available	0%
Other	0%	Not Available	0%
Total		Not Available	100%

Cash Flows			
Contributions		Employer	Participants
2009	\$	2,800,000	\$ 1,663
2010	\$	3,482,000	\$ 0
Expected 2011	\$	3,482,000	\$ 35,257
Benefit Payments			
2009	\$	1,730,554	
2010	\$	1,848,411	
Estimated Future Benefit Payments			
2011	\$	1,512,337	
2012	\$	1,612,986	
2013	\$	1,710,281	
2014	\$	1,823,648	
2015	\$	1,938,630	
Years 2016 - 2020	\$	11,326,781	

SECTION IV

ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION

	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
(1) Active employees fully eligible	\$ 6,477,443	\$ 5,909,909
(2) Active employees not fully eligible	20,367,071	15,135,189
(3) Retirees	<u>16,499,303</u>	<u>14,649,429</u>
(4) Total accumulated postretirement benefit obligation: (1) + (2) + (3)	\$ 43,343,817	\$ 35,694,527

SECTION V

RECONCILIATION OF NET AMOUNT RECOGNIZED

	<u>Fiscal Year Ending December 31, 2010</u>	<u>Fiscal Year Ending December 31, 2009</u>
(1) Net amount recognized at end of prior year	\$ (13,672,647)	\$ 5,909,909
(2) Net periodic postretirement benefit cost for the fiscal year	4,483,329	4,901,005
(3) Contributions paid during the fiscal year	<u>3,482,000</u>	<u>2,800,000</u>
(4) Net amount recognized at end of current year (1) – (2) + (3)	\$ (14,673,976)	\$ (13,672,647)

SECTION VI

DEVELOPMENT OF PRELIMINARY NET PERIODIC POSTRETIREMENT BENEFIT COST

The following calculations were performed in accordance with the Financial Accounting Standards Board ASC 715-60 and may be used for purposes of reporting Postretirement Benefit Cost. The net periodic postretirement benefit cost, as required and calculated under ASC 715-60 will be charged against income, and it will also be disclosed in a footnote to the Company's financial statements.

Actuarial computations under ASC 715-60 are for purposes of fulfilling employer financial accounting requirements. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein.

A. <u>Net Periodic Postretirement Benefit Cost</u>	Preliminary Fiscal Year Ending <u>December 31, 2011</u>	Final Fiscal Year Ending <u>December 31, 2010</u>
(1) Service cost	\$ 1,917,609	\$ 1,466,298
(2) Interest cost	2,278,966	2,015,717
(3) Expected return on assets	818,070	598,702
(4) Amortization of transition (asset) or obligation from item B	21,386	21,386
(5) Amortization of prior service cost from item C	1,728,643	1,578,630
(6) Recognition of (gain) or loss from item D(13)	<u>0</u>	<u>0</u>
(7) Net periodic postretirement benefit cost: (1) + (2) - (3) + (4) + (5) + (6)	\$ 5,128,534	\$ 4,483,329

SECTION VI

DEVELOPMENT OF PRELIMINARY NET PERIODIC POSTRETIREMENT BENEFIT COST

(continued)

B. Amortization of Transition (Asset) or Obligation

Unrecognized Amount <u>December 31, 2010</u>	Remaining Years in Amortization <u>Period</u>	Amount to be Recognized <u>During 2011</u>
\$ 42,824	2.00	\$ 21,386

C. Amortization of Prior Service Cost

Unrecognized Amount <u>December 31, 2010</u>	Remaining Years in Amortization <u>Period</u>	Amount to be Recognized <u>During 2011</u>
\$ 14,151,793	12.75	\$ 1,109,945
1,513,315	5.31	285,039
1,384,687	7.54	183,646
<u>1,683,143</u>	11.22	<u>150,013</u>
\$ 18,732,938		\$ 1,728,643

SECTION VI

DEVELOPMENT OF PRELIMINARY NET PERIODIC POSTRETIREMENT BENEFIT COST

(continued)

	Fiscal Year Ending December 31, 2011
D. <u>Development and Recognition of (Gain) or Loss</u>	
(1) Accumulated postretirement benefit obligation	\$ 43,343,817
(2) Fair value of assets	8,862,125
(3) Unrecognized transition (asset) or obligation	42,824
(4) Unrecognized prior service cost	18,732,938
(5) (Accrued) or prepaid postretirement benefit expense	(14,673,976)
(6) Unrecognized (gain) or loss: (1) – (2) – (3) – (4) + (5)	1,031,954
(7) (Gain) or loss not reflected in market-related value	
(a) Fair value of assets	8,862,125
(b) Market-related value of assets	8,862,125
(c) Amount not reflected in market-related value of assets: (a) – (b)	0
(8) (Gain) or loss subject to amortization: (6) + (7)(c)	1,031,954
(9) Greater of (1) or (7)(b)	43,343,817
(10) 10% of (9)	4,334,382
(11) (Gain) or loss, subject to recognition: excess of absolute value of (8) over (10), not less than zero	\$ 0
(12) Average future service of plan participants expected to receive benefits years	13.26 years
(13) Amount to recognize for the year: (11) ÷ (12)	\$ 0

SECTION VII

QUARTERLY NET PERIODIC POSTRETIREMENT BENEFIT COST

<u>Quarterly Net Periodic Postretirement Benefit Cost</u>	<u>Fiscal Year Ending December 31, 2011</u>
(1) Service cost	\$ 479,402
(2) Interest cost	569,742
(3) Expected return on assets	204,518
(4) Net amortizations	<u>437,508</u>
(5) Quarterly net periodic postretirement benefit cost: (1) + (2) - (3) + (4)	\$ 1,282,134

SECTION VIII

RECONCILIATION OF FAIR VALUE OF ASSETS

A. Union VEBA

(1) Fair Value as of January 1, 2010	\$ 679,307
(2) Employer Contributions	1,638,000
(3) Investment Return	158,659
(4) Benefit Payments	737,518
(5) Expenses	<u>0</u>
(6) Fair Value as of December 31, 2010 (1) + (2) + (3) - (4) - (5)	\$ 1,738,448

B. Non-Union VEBA

(1) Fair Value as of January 1, 2010	\$ 2,782,418
(2) Employer Contributions	1,345,000
(3) Investment Return	383,855
(4) Benefit Payments	1,110,893
(5) Expenses	<u>0</u>
(6) Fair Value as of December 31, 2010 (1) + (2) + (3) - (4) - (5)	\$ 3,400,380

C. 401(h) Account

(1) Fair Value as of January 1, 2010	\$ 2,844,764
(2) Employer Contributions	499,000
(3) Investment Return	379,533
(4) Benefit Payments	0
(5) Expenses	<u>0</u>
(6) Fair Value as of December 31, 2010 (1) + (2) + (3) - (4) - (5)	<u>\$ 3,723,297</u>

D. <u>Fair Value of Assets as of December 31, 2010</u> (A) + (B) + (C)	\$ 8,862,125
---	--------------

SECTION IX

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

A. ACTUARIAL COST METHOD

For each active employee, the discounted present value of all future postretirement benefits is determined using the assumptions stated in this Section IX. This amount is divided into "n" equal parts, where "n" is the number of years between an employee's hire date and the date he is fully eligible for retirement; the amount of each of the equal parts is the *service cost* portion of the total expense. The service costs for years before the valuation are summed and called the *accumulated postretirement benefit obligation* (APBO). Full eligibility refers to the date at which the participant will meet the age and service requirements to begin receiving postretirement benefits. Participants who are fully eligible as of the valuation date no longer have a service cost because the entire discounted present value of future postretirement benefits is included in the APBO. Interest on the APBO as adjusted by the expected claim payments is the *interest cost*.

The *transition obligation* is equal to the APBO minus any reserves previously accrued for retiree health and any assets set aside for retiree health at the time FAS 106 was adopted. The transition obligation is divided by the average working lifetime (or a minimum of 20 years) of the active employees to yield the *amortization of transition obligation*. The amortization of the transition obligation may be reduced to take into account plan changes that reduce benefits. There is no remaining unrecognized transition obligation.

If plan experience is different than expected, there will be *gains or losses*, which may have to be amortized in accordance with ASC 715-60.

The *prior service cost* is the measure of the increase in APBO due to plan amendments, and is amortized over the average remaining years of service to full eligibility for benefits of the active plan participants.

The *expected return* is the assumed long-term rate of return multiplied by the assets adjusted by the expected claim payments. The sum of service cost, interest cost, and amortizations minus the expected return is the expense for the year.

B. ASSET VALUATION METHOD

Market-related value of assets is equal to the combined fair value of assets in the VEBA and 401(h) accounts.

C. VALUATION PROCEDURES

The valuation is based on employee, retiree, and financial data provided by the company and trustee, respectively. A plan's actuary would not customarily verify this data. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

SECTION IX

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. ACTUARIAL ASSUMPTIONS (as of December 31, 2010 Measurement Date)

Principal Rates

Discount rate 5.35% (previously, 5.75%).

Expected return on assets 8.50% (unchanged)

Pre- and Post-Retirement Mortality

2010 static mortality table in accordance with IRS Regulation 1.430(h)(3)-1 (previously, the 2009 static mortality table).

Employee Termination

Sample probabilities are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	9.9%	14.9%
30	6.9%	9.9%
35	4.9%	6.9%
40	2.8%	4.9%
45	1.7%	2.8%
50	0.4%	1.7%
55	0.0%	0.4%

Retirement Age

<u>Age</u>	<u>Non-Union Rate</u>	<u>Union Rate</u>
55-59	2.0%	3.0%
60	10.0%	12.0%
61	5.0%	7.0%
62	50.0%	50.0%
63-64	7.5%	10.0%
65	100.0%	100.0%

Incidence of Disability

1985 Wyatt Company Table of Incidence. Sample probabilities are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.093%	0.096%
40	0.310%	0.357%
45	0.505%	0.522%
50	0.830%	0.854%
55	1.502%	1.490%

(Disabled life mortality rates are taken from the 1985 study also.)

SECTION IX

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. ACTUARIAL ASSUMPTIONS (cont'd)

Medical Trend Rates

(for inflation and increased utilization)

Year	Trend Rate
2011	7.00%
2012	6.50%
2013	6.00%
2014	5.50%
2015	5.00%
2016	4.50%
2017 and thereafter	4.00%

Medical Claims Cost

Sample age-graded annual claim costs used in determination of expense (excludes Medicare Part B reimbursement for participants age 65 and older).

2011 Annual Claim Cost

<u>Age</u>	<u>UES</u>	<u>Fitchburg</u>	<u>All</u>
	<u>Union</u>	<u>Union</u>	
	<u>Retirees</u>	<u>Retirees</u>	<u>Others</u>
55	\$4,800	\$8,074	\$6,144
60	4,800	9,135	6,951
65	1,200	3,847	3,847
70	1,200	4,144	4,144
75	1,200	4,464	4,464
80	1,200	4,809	4,809
85	1,200	5,181	5,181

It is assumed that 60% of medical claims for Medicare eligible participants are for prescription drugs.

Medicare Part D Drug Subsidy

It is assumed that all Medicare eligible participants receive drug benefits through Unitil's plan and the Company will qualify for the Part D Drug Subsidy. Unitil will not receive drug subsidy payments for participants covered by the New England Electrical Workers (NEEW) plan.

SECTION IX

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. ACTUARIAL ASSUMPTIONS (cont'd)

Retiree Contribution

A percentage (as shown in the summary of plan provisions) of the annual premium below:

<u>Age</u>	<u>2011 Annual Premium</u>		
	<u>UES Union</u>	<u>Fitchburg Union</u>	<u>All Others</u>
Pre-65	\$4,800	\$9,135	\$6,144
Post-65	\$1,200	\$4,464	\$4,464

Portsmouth Union retirees will contribute the difference between the premiums and the employer cap.

Life Insurance Cost

A paid-up life insurance policy is assumed to be bought at the time of retirement.

Marital Assumption

It has been assumed that 100% of all active employees are married and elect coverage for their spouse and that wives are three years younger than husbands. Actual spouse data is used for retirees.

Participant Data

Participant census data was collected as of January 1, 2010.

SECTION X

SUMMARY OF PLAN PROVISIONS

<u>Eligibility</u>	Retirement (or Disability Retirement) from active status. Portland union and Granite State union employees became eligible effective January 1, 2010. Portsmouth union employees became eligible effective January 1, 2011.			
<u>Medical Coverage</u>	Continued medical coverage until death.			
<u>Spousal Coverage</u>	Continued medical coverage until death (even after death of retiree).			
<u>Medicare Part B Reimbursement</u>				
<i>Eligibility</i>	Participants who either i) retired prior to January 1, 2006, or ii) were hired prior to January 1, 1986 (union), or iii) were hired prior to January 1, 1986 and retired prior to January 1, 2010 (non-union). The Northern Union divisions are not eligible.			
<i>Benefit</i>	Reimbursement of Medicare Part B premium for retiree and spouse (capped at \$50/ month).			
<u>New Hampshire Benefits</u>	Effective January 1, 2006, new retirees from the UES groups will be covered by the New England Electrical Workers (NEEW) plan.			
<u>Retiree Contributions</u>	<p>Post-65 contributions are 20% of the premium cost for Non-union participants who retire on or after January 1, 2010 and 0% for all other participants. Non-union employees hired after January 1, 2010 and Portsmouth union employees hired after January 1, 2011 will pay 100% of premium cost.</p> <p>Pre-65 contributions are a percent of the premium which vary as follows based on retirement date, hire date and union status:</p>			
<u>Retirement Date</u>	<u>Hire Date</u>	<u>All Others</u>	<u>UES Union</u>	<u>Fitchburg Union</u>
Prior to 1/ 1/ 2006	N/ A	0%	0%	0%
1/ 1/ 2006 - 1/ 1/ 2010	Prior to 1/ 1/ 1986	0%	0%	0%
On or after 1/ 1/ 2010	Prior to 1/ 1/ 1986	20%	0%	0%
On or after 1/ 1/ 2006	On or after 1/ 1/ 1986	20%	15%	20%
<u>Life Insurance</u>	\$10,000 (\$5,000 for Portland Union and Granite State Union employees).			