

## **CODE OF CONDUCT TABLE OF CONTENTS**

### **GENERAL POLICY**

1. Corporate Compliance & Communication	41
2. Compliance with Laws and Regulations	41
3. Honesty with Regulators	41
4. Financial Strength and Integrity	42
5. Avoiding Conflicts of Interest	42
6. Responsibility for Safeguarding Assets	44
7. Securities Trading and "Insider" Trading	44
8. Confidential/Proprietary Information	46
9. Customer Relations	46
10. Gifts, Meals, Services and Entertainment	47
11. Loans and Gifts of Company Goods	47
12. Corporate Citizenship	47
13. Media/Public Discussion	48
14. Political Process	48
15. Our Environment Commitment	49
16. Employment – Related Policies	49
17. Accountability	49
18. Waivers	50

REPORTING YOUR CONCERNS	50
-------------------------	----

ACKNOWLEDGEMENT OF RECEIPT	53
----------------------------	----

# **PENNICHUCK CORPORATION**

## ***OUR CORPORATE CODE OF CONDUCT***

### **GENERAL POLICY**

The Directors and Officers of Pennichuck Corporation believe that fair and ethical practices are fundamental to good business. We further believe that the nature of our business imposes special obligations of public trust upon us. We are committed to meeting those obligations without compromise.

Accordingly, the highest standards of integrity shall govern our actions. We are committed to making decisions that will honor both the letter and the spirit of all applicable laws, and to conducting our business honestly and ethically, with our best skills and judgment, for the benefit of customers, employees and stockholders alike. The Company's success depends on a high level of public confidence. We can sustain public confidence only if we continue to observe the highest standards of ethical behavior in the performance of our duties.

We are sometimes faced with difficult situations where laws and regulations are not enough to help us choose the proper course of action. The following Code of Conduct has been created to assist us to uphold those ethical and legal responsibilities, so that we maintain and strengthen our public trust. It also restates certain of the policies and standards that are already an integral part of our corporate culture.

Each of us needs to understand our obligations under this Code. We need to be able to ask questions about appropriate conduct in specific situations. Above all, we need to feel free to report situations where we feel our own Code is not being followed and to have our concerns addressed in complete confidence.

This Code applies to all employees, officers and directors of Pennichuck Corporation, and its subsidiaries, Pennichuck Corporation, Inc., Pittsfield Aqueduct Company, Pennichuck East Utility, Pennichuck Water Service Corporation, and The Southwood Corporation. The Pennichuck Corporation and its subsidiaries (current and future) are collectively referred to in this Code as "Pennichuck" or the "Company." As used in this Code, the term "executive officers" refers to the Chief Executive Officer, the President, the Chief Financial Officer, the Executive Vice President, all the Vice Presidents, the Controller and the Assistant Controller.

## 1. Corporate Compliance & Communication

Pennichuck takes compliance with this Code with the utmost seriousness. To ensure continuing attention to matters of ethics and business conduct on the part of all Pennichuck employees, officers and directors, the Company has designated the Vice President of Administration as the Company's Compliance Officer. The Compliance Officer will report to the Chief Executive Officer and the Audit Committee of the Board of Directors and will have responsibility for monitoring performance under this Code and for resolving business conduct and ethical concerns. The Compliance Officer is also the individual responsible for receiving and investigating most reports of improper conduct. At the end of this Code, you will find detailed instructions about how to contact the Compliance Officer, or, if appropriate, the Audit Committee of the Board of Directors, and how to express your concerns.

While the Company has appointed a Compliance Officer to be a resource for employees, we encourage all employees to share their ideas and express their concerns with whomever they feel comfortable. Supervisors, managers and officers should be especially careful to maintain open lines of communication and to listen to all employees.

## 2. Compliance with Laws and Regulations

All Company activities are to be conducted in compliance with all applicable federal, state and local laws, regulations, and judicial decrees. Employees should not take any action on behalf of the Company which they know, or reasonably should know, will violate any law or regulation. Employees who have any question as to the validity of any action proposed to be taken on behalf of the Company should submit the question to their supervisor or to the Compliance Officer. In addition to literal compliance with all legal requirements, each employee is expected to adhere to high moral and ethical business standards.

## 3. Honesty with Regulators

Because Pennichuck is a public company, and because several of Pennichuck's constituent companies are classified as public utilities, we are extensively regulated by a number of commissions, agencies, and other governmental entities. It is essential that the information that we supply to them be accurate and not misleading. All disclosures made in all periodic reports and documents filed with the Securities and Exchange Commission, and other public communications by the Company, must be full, fair, accurate, timely, and understandable. We must cooperate with those employees and representatives who communicate with or provide information to our regulators and supply them with all the information to which they are entitled in a timely manner. Likewise, those employees and representatives of Pennichuck who communicate with or provide information to regulators and other governmental entities must be sure that their actions and communications are honest, responsive, and not misleading.

#### 4. Financial Strength and Integrity

We are in business to create value for our shareholders. Our shareholders invest in us because they are encouraged by Pennichuck's past financial performance and their perceptions of its prospects for the future. They want a fair return on their investment. Many of us own shares in the Company as well, and we have the same concerns as our other investors.

It is very important to our investors that the information they receive is accurate and properly reflects the financial condition and results of operations of the Company. The books and records of the Company are to be kept according to generally accepted accounting principles and in a manner whereby an accurate and auditable record of all financial transactions is maintained, so that they fairly present the Company's financial position and results of its operations. The Audit Committee of the Board of Directors, as well as our independent public accountants, helps to ensure that all of the Company's books and records are accurate. Employees must cooperate fully with these groups, and provide complete and accurate information to them. No information should be concealed from the managers and officers responsible for overseeing the Company's financial and accounting obligations or from the independent auditors.

It is the responsibility of every employee to keep accurate records regarding Company assets, costs, and funds. All receipts and disbursements are to be fully and accurately described. No employee may participate in any way in the unethical receipt or payment of Company funds, or the maintenance of any unrecorded cash or no cash funds for the purpose of any such receipts or payments. We will not take part in any improper payments to government officials, or bribes, kickbacks, or influence payments to or from anyone.

The Company's records must fairly and accurately reflect, in reasonable detail, Pennichuck's assets, liabilities, revenues and expenses. The Company's records must not contain any false or intentionally misleading entries. No transactions should be intentionally misclassified as to accounts, departments, or accounting periods. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period. Compliance with Pennichuck's system of internal accounting controls is required.

#### 5. Avoiding Conflicts of Interest

All Company employees need to remember that their personal financial interest must not adversely affect or conflict with the Company's best interests or the proper performance of their work responsibilities. To maintain independent judgment and action, we must avoid any conflict of interest or appearance of such conflict that may arise from personal financial interests. Some of the more common types of conflicts of interest are addressed in this Code to provide you with guidance.

You or members of your immediate family should not own a significant financial interest in, or be employed by, any business organization that does or seeks to do business with the Company, unless that interest or employment has been disclosed in writing to your supervisor and the Compliance Officer, and approved by the Compliance Officer or another appropriate Company representative. A general exception to this policy is the employment of a member of an employee's immediate family by a public utility, bank, or other business enterprise that furnishes products or services to the Company at prices, rates, or charges generally applicable to all customers of the utility, bank or business enterprise in question.

A "significant financial interest" is an aggregate interest of an employee and his or her immediate family members of more than 5% of the stock of a corporation or more than 5% of the profits or other interests of a partnership or other entity. Nominal ownership of common stock of a publicly traded corporation, however, will not of itself be considered a conflict and need not be disclosed.

A "member of your immediate family" means your spouse, and your and your spouse's parents, your children, their spouses, your and your spouse's brothers and sisters, and their spouses. For purposes of this paragraph, "spouse" also includes civil union partners.

Questions regarding conflicts of interest should be addressed initially to your supervisor. If your questions cannot be resolved at that level, requests for interpretations of, or exceptions to, the rules on conflicts of interest should be made to the Compliance Officer.

If you or a member of your immediate family have a significant financial interest in an organization which has or is attempting to establish a business relationship with Pennichuck or any of its subsidiaries, or have a personal interest or potential for personal gain in any Company transaction, you have the responsibility to disclose this relationship in writing to the Compliance Officer. Corporate officers and members of the Board of Directors should report such a relationship or interest to the Compliance Officer or the Audit Committee of the Board of Directors in writing.

In addition, there are certain transactions that involve not only conflicts of interests as described above, but also transactions that involve conflicts of interest that involve "related party transactions" as described in Regulation S-K, Item 404, of the Securities & Exchange Commission. Generally, related party transactions are transactions, or a series of similar transactions, between the Company and another company, in which a director, executive officer, nominee for director, certain shareholders or members of such individuals' immediate families have a direct or indirect material interest, and which involve more than \$60,000 or payments in excess of 5% of either the Company's or the other company's annual revenues or total assets. All related party transactions must be reviewed and approved by the Audit Committee of the Board of Directors and disclosed in accordance with Regulation S-K, Item 404.

Each Director and Officer of Pennichuck Corporation will be required to file an annual disclosure report with the Audit Committee of the Board of Directors, identifying and detailing any existing conflict, and any material transaction or relationship that reasonably could be expected to give rise to a conflict. Any conflict or potential conflict arising at the Board level will be handled in the manner prescribed by the New Hampshire Business Corporation Act.

In reviewing any potential or actual conflict of interest the Compliance Officer and the Audit Committee reserve the right to require additional information and data regarding the terms of any transaction or conflict situation that is under review.

#### 6. Responsibility for Safeguarding Assets

We each have a duty to safeguard the Company assets that are entrusted to our care. Managers are specifically responsible for establishing and maintaining appropriate internal controls to safeguard Company assets against loss from unauthorized use or disposition, to assure that financial statements are prepared from reliable information, and to provide a means for accounting for Company assets. Company assets include not only our physical plant and equipment, but also our records, customer information, and manpower. Company assets should be used for Company business only; they are not to be used for any employee's personal benefit and are not to be sold, loaned, or given away except with proper authorization.

Other Company assets are our Company names and our trademarks. These may not be used by others without proper written authorization. As a general rule, we do not endorse other companies, products, or services.

#### 7. Securities Trading and "Insider" Trading

##### **Background**

Pennichuck Corporation (the "Company") is a "public" company under the federal securities laws. We are all proud of the efforts our employees have made over the years to bring the Company to that position. As a public company, the Company files annual, quarterly, and current reports with the U. S. Securities and Exchange Commission ( the "SEC") disclosing its financial status and other material information with respect to its business and shareholder activities. The Company's affairs are increasingly open to the public. With the status of a public company comes increased scrutiny by private investors and law enforcement agencies of the Company's business and disclosure practices and the trading activities of its employees in the Company's common stock.

##### **Confidential "Inside" or "Material Nonpublic" Information; Insider Trading Policy**

Many employees and all officers and directors are often exposed in the ordinary course of business to confidential financial or other business information involving the

Company (this term includes Pennichuck Corporation, Pennichuck Corporation, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck Water Service Corporation and The Southwood Corporation). This information often is referred to as “material nonpublic information.” For SEC purposes, information is material if its disclosure would alter the total mix of facts available to the investor and if there is a substantial likelihood that a reasonable shareholder would consider it important to the investment decision. Information is “nonpublic” if it has not been disseminated in a manner making it available to investors generally.

The Company has always taken great pride in the manner in which its employees have protected the material nonpublic information which was shared with them. As a public company, however, we must periodically remind all employees of the importance of taking special care to ensure that such information remains confidential, and to refrain from discussing matters related to material nonpublic information with anyone, including spouses, civil union partners, or other family.

The Company’s official announcements and their timing are carefully prepared to reflect the Company’s positions on various issues. Breaches of confidentiality weaken the professional integrity of the Company and may prejudice the successful outcome of business decisions. They also represent a fertile source of potential lawsuits against the Company.

State and federal statutes governing securities trading require that material nonpublic information be held in the strictest confidence. The SEC has become increasingly active in pursuing civil and criminal remedies against those who are involved in securities trading on the basis of confidential or inside information.

To ensure compliance with applicable laws and to avoid even the appearance of impropriety, it is the Company’s position that if a director, officer or any employee has material, nonpublic inside information relating to our Company, neither that person nor any related person may buy or sell the common stock of the Company or engage in any other action to take advantage of, or pass on to others, that information. In the context of securities law, the term “related persons” means employees’ and directors’ family members and others who are living in their households, or who are otherwise financially dependent on the employee or director, as well as all corporations, partnerships, trusts or other entities owned or controlled by any employee or director. This restriction also applies to information relating to any other company, including our customers or suppliers that have been obtained in the course of employment.

In order to clarify this position and ensure proper procedures are in place to facilitate compliance, the Company has adopted an Insider Trading Policy, which is attached to this Corporate Code of Conduct as **Exhibit A** and is deemed to be a part of this Corporate Code of Conduct. The Policy requires approval from the Chief Financial Officer before any purchase, sale or trade of our common stock by directors or executive officers, certain designated employees, or any related persons. Please bear in mind that the Policy also prohibits directors and employees from disclosing to any

other person any material nonpublic information concerning the Company, or any other company which he or she learned in the course of his or her service with the Company, if it is reasonably foreseeable that such person may use that information in purchasing or selling securities.

Each director and employee, whether or not he or she owns or is considering acquiring shares of our common stock, is required to acknowledge that he or she has received and read, that he or she understands, and that he or she agrees to comply with the Policy. In addition, the Company strongly encourages each of its directors and employees to review the Policy before he or she or any related person makes any purchase, sale or trade of our common stock.

#### 8. Confidential/Proprietary Information

Much of the information the Company uses on a daily basis is confidential or proprietary. Sometimes confidential information has been developed by the Company; other times it belongs to others and we have contracted to keep it confidential. In both instances, we must be careful to guard against disclosure of the information to people outside the Company.

The use or disclosure of confidential information may be for Company purposes only and not for personal benefit. To preserve confidentiality, disclosure and discussion of confidential or competitive information should be limited to just those employees who have a need to know the information. Lists or other information concerning employees, customers or stockholders are considered privileged Company information and are not to be disclosed to others, except with appropriate supervisory approval.

#### 9. Customer Relations

Since Pennichuck is the sole source of water for many of our customers, our customers cannot change suppliers if they become dissatisfied with our performance. Consequently, employees have the obligation to keep consideration for our customers foremost in all of our activities.

Special requirements of all employees to satisfy customer expectations include:

- Demonstrating that the Company is committed to providing a high quality of service in an efficient manner.
- Applying our customer policies, practices and programs in a fair, equitable and nondiscriminatory manner.
- Responding to customer inquiries and requests in a prompt, courteous and accurate manner, understanding our customers' rights, and maintaining sensitivity to each customer's needs.

- Avoiding any action that will endanger the health or safety of the public, including leaving Company property in an unsafe condition without reporting or correcting the hazard.

## 10. Gifts, Meals, Services and Entertainment

It is improper and contrary to the best interest of the Company for an employee to request or accept anything that is, or could reasonably be considered to be, an attempt to influence the performance of duties or to favor a supplier or competitor. This includes gifts, payments, loans, travel, kickbacks, bribes or other benefits of value from any existing or potential customer, supplier, or competitor.

An occasional meal provided by an existing or potential customer, supplier, or competitor may be acceptable, if there is a valid business purpose and if the expense is not extravagant. Reciprocation should be made on occasion, as appropriate and at Company expense, to prevent the appearance of obligation.

If an unsolicited gift exceeding a value of \$50.00 or cash of any amount is received, the gift should be returned with a polite note explaining Company policy. If the gift consists of perishable goods, these goods should be donated to a charitable organization. You should inform the Compliance Officer that you have received any such gift.

## 11. Loans and Gifts of Company Goods

It is improper for an employee, without prior written approval of the Compliance Officer, to offer Company property, loans, or unpaid services to a member of the public or to an employee or agent of another entity.

## 12. Corporate Citizenship

Pennichuck has a long-standing commitment to being a good corporate citizen and civic neighbor. When we become involved in the charitable affairs of the communities in which we live and work, we increase the quality of life for everyone. Employees are encouraged to participate in the United Way and in other Company-sponsored charitable activities and fund-raisers.

As individuals, we may also have community or charitable interests that are not connected with the Company. This is not only desirable but necessary if we are to be responsible, contributing citizens. Any leadership position, however, should be carefully examined to be sure that it does not cause or appear to cause any conflict of interest or embarrassment to the Company.

From time to time we may also receive requests for money or other Company resources to benefit a particular charity or civic group. These requests should be referred to the Compliance Officer. Contributions made by the Company to worthwhile programs are normally made at an indirect cost to shareholders and go primarily to community-based, well-recognized nonprofit organizations.

### 13. Media/Public Discussion

In the course of performing your duties, you may have occasion to be questioned by a representative of the news media. Unless authorized to speak on behalf of the Company, the employee should politely refer the media representative to the appropriate Company spokesperson.

### 14. Political Process

The Company strongly supports our representative form of government and the right of all individuals to participate in it. The Company itself may disseminate information or share our corporate viewpoint with our customers, the public, the media, and our governmental representatives. However, there are a number of laws governing our behavior in the political arena and we must be careful to obey these laws. We have also decided that, even if allowed by law, no corporate funds, assets, materials, or services may be used to support a particular candidate or political party.

In addition:

a. *Federal campaigns*

Federal law generally prohibits corporate participation in federal elections.

b. *Personal Political Contributions and Participation*

Employees are encouraged to be informed members of the electorate and to support candidates and ballot measures of their personal choice at all levels of government. Employees must understand, however, that their involvement, support and participation must be on an individual basis, on their own time, and at their own expense.

c. *Participation in Public Office*

Employees seeking a public office which would require time away from work must request approval from an Officer or Director of the Company.

An employee accepting public office or serving on a public body acts as an individual, not as a representative of the Company.

d. *Government Relations*

Employees must exercise good judgment in relationships with government officials and employees. It is important that we not place these officials in compromising positions. Even the appearance of compromise would reflect adversely upon both the official and the Company. It would be improper and is prohibited for any Company employee or agent to offer

any gift, loan, favor or special service in order to influence or bias the judgment of any government official in performing his or her duties.

#### 15. Our Environmental Commitment

It has been, and will continue to be, the intent of all Pennichuck companies to conduct their business in an environmentally responsible manner. We accomplish this by:

- Complying with all applicable environmental laws, regulations and standards;
- Incorporating environmental protection and stewardship as an integral part of the design, construction, operation and maintenance of our facilities;
- Encouraging the wise use of water resources and energy to minimize the impact on the environment; and
- Communicating effectively on environmental issues.

#### 16. Employment – Related Policies

In addition to the standards of conduct contained in this Code, employees, officers and directors are expected to be familiar with and abide by the Company's standards of conduct for the workplace, including but not limited to the Company's policies and procedures regarding:

- equal employment opportunity;
- prohibitions against unlawful harassment;
- appropriate use of the Company's computer, telephone and electronic communication system;
- workplace safety program;
- use of Company property for hunting, fishing or other recreational activities;
- prohibitions against controlled substances and alcohol; and
- any other policies or procedures established by the Company relating to conduct in the workplace and treatment of Company property.

Such policies and procedures, including any specific reporting and compliance procedures, are more fully described in Pennichuck's policies and procedures. You should consult with the Human Resources Department or the Compliance Officer for more information regarding these policies and procedures.

#### 17. Accountability

Each of us is responsible for adherence to the standards of conduct set forth in this Code and for raising questions if we are concerned that these standards are not being met or we are not clear as to how the standards apply. Violations of the Code, or any of the underlying policies, procedures, ethics or laws, are cause for corrective action, which may result in disciplinary action up to and including discharge and possible legal prosecution.

Each employee, officer and director will be required to sign an acknowledgement of receipt when he or she first receives a copy of this Code, and every other year thereafter, certifying that he or she understands that it is his or her responsibility to be familiar with and abide by the terms of this Code.

## 18. Waivers

Employees: Any waiver of any part of this Code for employees (not including executive officers) must be authorized in writing by the Compliance Officer or his or her designee who will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect Pennichuck.

Executive Officers and Directors: Any waiver of this Code for executive officers or directors of Pennichuck can only be made by a vote of the Board of Directors or a designated committee, which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect Pennichuck. In the event that any such waiver is granted by the Board, disclosure of such waiver will be made to shareholders as required by law and applicable regulations.

## **REPORTING YOUR CONCERNS**

As a condition of employment with or service to Pennichuck, all employees, officers and directors are expected to comply with this Corporate Code of Conduct and with all underlying policies and procedures. When in doubt, employees have the responsibility to seek clarification from their supervisors or, if necessary, from the Compliance Officer. Likewise officers and directors should seek clarification from either the Compliance Officer or the Audit Committee of the Board of Directors.

Your conduct can reinforce an ethical atmosphere at Pennichuck and positively influence the conduct of your fellow employees. Employees are expected to raise a question of ethical behavior before it happens and to report any conduct which is believed in good faith to be a violation or apparent violation of these standards.

Pennichuck has established the following ways by which you may raise a question or concern or make a report: You may select one of the following options or a combination of the following options.

- Report your concern to the Compliance Officer, either in person or by telephone (603-913-2310).
- Call the Compliance Reporting Hotline (1-877-778-5463), which is available on a 24-hour basis. Provide the Company Username **pnnw** and Password **pnnw**. A trained operator will guide you through a series of questions. This is a service by which you can report, on a confidential basis, any problem which

you believe violates this Code or any of its underlying policies and procedures.

- Go to [www.reportit.net](http://www.reportit.net), click Report It and enter the Company Username **pnnw** and Password **pnnw**. You will then access the Company's web interface. Enter the Report information and click SUBMIT. The latest in data encryption technology is used to protect your identity and report. Designated recipients are alerted that a report has been made.
- Complete a Compliance Report Form, include any relevant documentation, and forward the Report and attachment(s) to the Compliance Officer in an envelope marked "CONFIDENTIAL" and addressed to:

Corporate Compliance Officer  
c/o Bonalyn J. Hartley  
Pennichuck Corporation  
25 Manchester Street  
Merrimack, NH 03054-1947

- If you feel a member of senior management or the Compliance Officer is involved, or if the problem involves a serious accounting or financial irregularity, you should report it directly to the Audit Committee by Completing a Compliance Report Form, include any relevant documentation, and forward the report and attachment(s) to the following address:

Pennichuck Corporation  
c/o Roland Olivier, General Counsel &  
Corporate Secretary  
25 Manchester Street  
Merrimack, NH 03054

CONFIDENTIAL

The Corporate Secretary will forward the report to the Chair of the Audit Committee.

You need not identify yourself either on the Form or if you use the Hotline. You must however provide as much detailed information about your concern or report as you can.

A copy of the Compliance Report Form, which is double-sided, is attached to this Code of Conduct. You can photocopy the Form if you need more copies. Copies of the Form will also be available on or adjacent to the bulletin boards where other Company information is posted.

We will take every measure to ensure the confidentiality of your calls, Compliance Report Forms, detailed notes, e-mails or any other documentation. If necessary, however, Pennichuck will conduct an investigation into the matters raised in the report

and take appropriate action. In conducting such investigation, knowledge of the report and its substance may be disclosed to other individuals in order to obtain necessary information or to conduct a proper investigation. Such individuals will be instructed on the confidential nature of the report and the investigation.

You have the commitment of Pennichuck, its officers and its Board of Directors that no adverse action will be taken, nor will the Company condone or tolerate any adverse action against any individual because he or she made such a report, raised a concern or question under this Code or cooperated in the Company's investigation of a report or concern. Further, any such adverse action will also be deemed a violation of this Code.

**PENNICHUCK CORPORATION**  
**CORPORATE CODE OF CONDUCT**

**ACKNOWLEDGEMENT OF RECEIPT**

I hereby acknowledge that I have received a copy of the Pennichuck Corporation Corporate Code of Conduct, together with all attachments, including but not limited to Pennichuck's Insider Trading Policy which is on Exhibit A (collectively, the "Code of Conduct"), and I have received training regarding the Code of Conduct. I further acknowledge that I am expected to be familiar with and abide by this Code of Conduct and with all underlying policies and procedures as a condition of my employment with or service to Pennichuck. I understand that this Code of Conduct is not a contract guaranteeing me employment for any specific period of time and those violations of ethical and legal standards are grounds for disciplinary action up to and including discharge and possible legal prosecution.

\_\_\_\_\_  
Employee Signature

Dated: \_\_\_\_\_

\_\_\_\_\_  
Employee's Printed Name

**PENNICHUCK CORPORATION**  
**Insider Trading Policy**  
**(Adopted July 29, 2005)**

**1. BACKGROUND AND PURPOSE**

Pennichuck Corporation (the “Company”) is adopting this Insider Trading Policy in light of federal securities laws that prohibit any member of the Board of Directors of the Company (a “Director”<sup>1</sup>) or employee of the Company<sup>2</sup> from (1) purchasing or selling Company securities on the basis of material nonpublic information<sup>3</sup> concerning the Company, or (2) disclosing material nonpublic information to others who might trade on the basis of that information. These laws impose severe sanctions on individuals who violate the. In addition, the SEC has the authority to impose large fines on the Company and on the Company’s Directors, executive officers and controlling stockholders if the Company’s employees engage in insider trading and the Company has failed to take appropriate steps to prevent it (so-called “controlling person” liability).

This Insider Trading Policy is intended to help:

- Prevent inadvertent violations of the insider trading laws;
- Avoid embarrassing proxy disclosure of reporting violations by persons subject to Section 16 of the Securities Exchange Act of 1934 (the “Exchange Act”);
- Avoid even the appearance of impropriety on the part of those employed by, or associated with, the Company;
- Protect the Company from controlling person liability; and
- Protect the reputation of the Company, its Directors and its employees.

---

<sup>1</sup> “Director” shall include any Senior Director, as such position is described in the Bylaws of Pennichuck Corporation. Nothing contained in this policy, however, shall be deemed to require a Senior Director to file reports under Section 16 of the Exchange Act or to constitute an admission that Section 16 applies to a Senior Director.

<sup>2</sup> As used in this policy, the term “Company” includes any direct or indirect subsidiary of the Company. As of the date of this was adopted, the Company’s subsidiaries are Pennichuck Water Works, Inc. Pennichuck East Utility, Inc. Pittsfield Aqueduct company, Inc., Pennichuck Water Service Corporation and the Southwood Corporation.

<sup>3</sup> Information is material if its disclosure would alter the total mix of facts available to the investor and if there is a substantial likelihood that a reasonable shareholder would consider it important to the investment decision. Information is “nonpublic” if it has not been disseminated in a manner making it available to investors generally.

## **2. COMPLIANCE OVERSIGHT BY CHIEF FINANCIAL OFFICER**

2.1. The Board of Directors has designated the Company's Chief Financial Officer to oversee compliance with its Insider Trading Policy. The duties of the Chief Financial Officer will include:

- Reviewing and either approving or prohibiting proposed trades in accordance with the procedures set forth below in Section 6;
- Announcing any special trading blackout periods (as discussed in Section 4);
- Providing copies of this policy and other appropriate materials to all current and new Directors, officers and employees, and such other persons whom the Chief Financial Officer determines have access to material nonpublic information concerning the Company;
- Administering this policy; and
- Maintaining as Company records originals or copies of all documents required by the provisions of this policy and copies of all required SEC reports relating to insider trading.

The Chief Financial Officer may designate one or more individuals who may perform the chief Financial Officer's duties under this Insider Trading Policy in the event that the Chief Financial Officer is unable or unavailable to perform such duties.

## **3. PROHIBITION ON TRADING WHILE AWARE OF MATERIAL NONPUBLIC INFORMATION; PROHIBITION ON TIPPING OTHERS**

3.1 This Section 3 applies to:

- All Directors;
- All employees;
- All family members of Directors and employees who share the same address as, or are financially dependent on, the Director or employee; and
- All corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.

3.2 No person covered by this Section 3 may:

- Purchase or sell any securities of the Company while he or she is aware of any material nonpublic information concerning the Company;
- Disclose to any other person any material nonpublic information concerning the Company if it is reasonable foreseeable that such person may use that information in purchasing or selling Company securities;
- Purchase or sell any securities of another company while he or she is aware of any material nonpublic information concerning such other company which he or she learned in the course of his or her service as a Director or employee of the Company; or
- Disclose to any other person any material nonpublic information concerning another company which he or she learned in the course of his or her service as a Director or employee of the company if it is reasonably foreseeable that such person may use that information in purchasing or selling securities of such other company.

3.3 The prohibition on purchases and sales of Company securities while aware of material nonpublic information concerning the Company does not apply to a transaction pursuant to a trading plan which complies with Section 4.3 of this Insider Trading Policy.

## 4 BLACKOUT PERIODS

4.1 This Section 4 applies to:

- All Directors;
- All executive officers;
- Such other employees as are designated from time to time by the Board, the Chief Executive Officer or Chief Financial Officer as being subject to this Section 4;
- All family members of Directors, executive officers and designated employees who share the same address as, or are financially dependent on, the director, executive officer or designated employee; and
- All corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.

4.2 Non person covered by this Section 4 may make any purchase or sale of securities of the Company during the following time periods (each, a “blackout period”).

- Beginning the earlier of the tenth day of the third month of any fiscal quarter or the date on which the Company’s operating results for the second month of any fiscal quarter are first made available to senior management, and ending upon the completion of the second full trading day after the public announcement of earnings for such quarter;
- Beginning at the time of any public earnings-related announcement or public announcement of a significant corporate transaction or event and ending upon the completion of the second full trading day after such announcement; or
- During such other periods as may be established from time to time by the Board, the Company’s Chief Executive Officer or the company’s Chief Financial Officer, in light of particular events or developments affecting the Company.

In addition, no person covered by this Section 4 shall inform a person not covered by this Section 4 that a blackout period imposed as a result of particular events or developments is in effect.

4.3 Unless the Chief Financial Officer otherwise determines either generally or on a case-by-case basis, the prohibition on purchases and sales of Company securities during blackout periods does not apply to any of the following:

- Purchases made under an employee stock purchase plan operated by the Company; provided, however, that the securities so acquired may not be sold during a blackout period;
- Purchases of shares of common stock through the reinvestment of dividends pursuant to the Company’s Dividend Reinvestment and Common Stock Purchase Plan; provided, however, that any purchase of shares through the dividend Reinvestment and Common Stock Purchase Plan which does not involve the reinvestment of dividends is prohibited during a blackout period unless the Chief Financial Officer otherwise provides;
- Exercises of stock options or surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations, in each case in a manner permitted by the applicable stock option; provided, however, that the securities so acquired may not be sold (either outright or in connection with a “cashless” exercise transaction through a broker) during a blackout period;
- Purchase of securities from the Company or sales of securities to the Company; and

- Purchases or sales made pursuant to a binding contract, written plan or specific instruction (a “trading plan”) which is adopted and operated in compliance with SEC Rule 10b5-1; provided, such trading plan: (1) is in writing; (2) was submitted to the Company for review by the Company prior to its adoption; and (3) was not adopted during a blackout period; and; provided, further, that if such trading plan provides for trades to occur only once per quarter or less frequently (other than a plan that relates solely to the immediate sale of shares acquired under an employee stock purchase plan) such trading plan may not provide for trades to occur during a regularly scheduled quarter-end blackout period.

## 5 HARDSHIP EXEMPTIONS

5.1 The Chief Financial Officer may, on a case-by-case basis, authorize trading in Company securities by a person covered by Section 4 outside of the applicable trading windows due to financial or other hardships only after:

- The person desiring to effect a trade has notified the Chief Financial Officer in writing of the circumstances of the hardship and the amount and nature of the proposed trade;
- The person desiring to effect a trade has certified to the Chief Financial Officer in writing no earlier than two business days prior to the proposed trade that he or she is not aware of material nonpublic information concerning the Company; and
- The Chief Financial Officer has approved the trade.

5.2 The existence of these approval procedures does not in any way obligate the Chief Financial Officer to approve any trade requested by a hardship applicant. The Chief Financial Officer may reject any hardship exemption requests at his or her sole discretion.

## 6 PRE-CLEARANCE PROCEDURES FOR APPROVING TRADES

6.1 This section 6 applies to:

- All Directors;
- All executive officers;

- Such other employees as are designated from time to time by the board, the Chief Executive Officer or Chief Financial Officer as being subject to this Section 6;
  - All family members of Directors and executive officers who share the same address as, or are financially dependent on, the Director, executive officer or designated employee; and
  - All corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.
- 6.2 No person covered by this Section 6 may make any purchase or sale of securities of the Company (including derivative securities )unit:
- He or she has certified to the Chief Financial Officer in writing prior to the proposed trade that:
    - He or she is not in possession of material, nonpublic information concerning the Company; and
    - To the best of his or her knowledge, the proposed trade does not violate the trading restrictions of Section 16 of the Exchange Act or Rule 144 of the Securities Act of 1933, as amended; and
  - The Chief Financial Officer or his or her designee has approved the trade and has certified such approval in writing. Such certification may be made via electronic mail.
- 6.3 Persons desiring to trade shall provide to the Chief Financial Officer any documentation reasonable requested by him or her in furtherance of the foregoing procedures. And failure to provide such requested information will be grounds for denial of approval by the Chief Financial Officer.
- 6.4 The existence of the foregoing approval procedures does not in any way obligate the Chief Financial Officer to approve any trade requested. The Chief Financial Officer may reject any trading request at his or her sole reasonable discretion.
- 6.5 If the proposed trade is not completed within three business days after receipt of written certification of Chief Financial Officer approval, a new trading request must be made.

## 7 OTHER PROHIBITIONS ON TRADING ACTIVITES

7.1 This section applies to:

- All Directors;
- All executive officers;
- All family members of Directors and executive officers who share the same address as , or are financially dependent on, the Director or executive officer; and
- All corporations, partnerships, trust or other entities owned or controlled by any of the above persons.

7.2 No person covered by this Section may engage in any of the following types of transactions:

- Short sales of company securities, except for transactions made in compliance with Section 16(c) of the Exchange Act; or
- Purchase or sales of puts or calls for speculative purposes.

7.3 While purchases of sales of puts or calls in connection with valid hedging transactions are not prohibited by this Section 7, any person proposing to engage in such transactions should obtain appropriate legal and financial counseling.

## 8. PENALTIES FOR VIOLATION

Violation of any of the foregoing rules is grounds for disciplinary action by the Company, including employment termination.

## 9. COMPANY ASSISTANCE AND EDUCATION

9.1 The Company shall take reasonable steps designed to ensure that all Directors and employees of the Company are educated about, and periodically reminded of the federal securities law restrictions and Company policies regarding insider trading. Directors and employees shall be required to certify their understanding of, and intent to comply with, the Company's Insider Trading Policy.

9.2 The company shall provide reasonable assistance to all Directors and executive officers, as requested by such Directors and executive officers, in connection with the filing of Forms 3, 4 and 5 under Section 16 of the Exchange Act. However, the ultimate responsibility, and liability, for timely filing remains with the Directors and executive officers.

**PENNICHUCK CORPORATION**

**RECEIPT AND ACKNOWLEDGEMENT**

I, \_\_\_\_\_, hereby acknowledge that I have received and read, that I understand, and that I agree to comply with the Insider Trading Policy of Pennichuck Corporation (the "Company"). I understand that violation of insider trading or disclosure laws or regulations may subject me civil and / or criminal penalties, and that violation of the terms of the Insider Trading Policy may subject me to discipline by the Company up to and including termination of cause. I also understand and agree that the Company may give a stop-transfer and other instructions to the Company's transfer agent against the transfer of Company securities by the undersigned in a transaction that the Company considers to be in contravention of the Insider Trading Policy.

\_\_\_\_\_  
EMPLOYEES'S SIGNATURE

\_\_\_\_\_  
DATE

**PLEASE SIGN/DATE AND RETURN TO HUMAN RESOURCES**

