

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE  
MINUTES OF MARCH 22, 2016 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Tuesday, March 22, 2016 at 4:30 p.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

The following persons were in attendance for the meeting:

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| Committee Members:             | James P. Dore, Chairman<br>Paul A. Indeglia<br>John D. McGrath<br>James McMahan (via telephone)<br>Thomas J. Leonard   |
| Pennichuck Corporation:        | Elizabeth A. Dunn, Director<br>Larry D. Goodhue, Chief Executive Officer<br>Donald L. Ware, Chief Operating Officer<br>Suzanne L. Ansara, Corporate Secretary<br>George Torres, Corporate Controller<br>Carol Ann Howe, Assistant Treasurer<br>Lori Douglas, Senior Staff Accountant<br>Karen Gilbert, Senior Staff Accountant<br>Jay Kerrigan, Regulatory Financial Analyst |
| Melanson, Heath & Company, PC: | Sheryl Burke, CPA (Engagement Officer)<br>Deborah Tarbox, CPA (Audit Partner)  |

J. McMahan stated that he was unable to attend the meeting in person because he is travelling on business, that he is alone and is able to hear the proceedings.

Written materials relating to items listed in the Agenda were provided to the Committee members for their review prior to the meeting.

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the January 20, 2016 Committee meeting. There being none, on motion duly made by P. Indeglia and seconded by T. Leonard, all of the Committee members then voting, it was unanimously

Resolved: that the minutes of the January 20, 2016 meeting of the Audit, Finance and Risk Committee are hereby approved.

## 2015 Audited Consolidated Financial Statements

G. Torres reviewed the draft 2015 Audited Consolidated Financial Statements and the footnotes thereon, a copy of which was provided to the Committee in the written materials. He indicated that a new item entitled “Investments – Bond Projects Fund” was added to Note 1 of the footnotes. L. Goodhue provided the Committee with a revision to Note 14 (Subsequent Events). A discussion ensued. It was agreed that the section entitled “Concentration of Credit Risks” in Note 1 will be amended to include the dollar amount of cash balances in excess of FDIC insurance limits.

S. Burke discussed the Auditor’s Report and Governance Letter, copies of which were provided to the Committee in the written materials. The audit was completed in accordance with generally accepted auditing standards. Ms. Burke indicated that the consolidated financial statements present fairly, in all material respects, the Company’s financial position and results of operations and cash flows for the year ended December 31, 2015. Ms. Burke discussed the material misstatements identified during the audit which were communicated to, and corrected by, management. She thanked the members of the Company’s finance team for their responsiveness and cooperation during the audit. Ms. Burke reported that there were no disagreements with management, no issues that would rise to management letter comment, and no identified occurrences of fraud.

L. Goodhue, D. Ware, S. Ansara, G. Torres, C. Howe, L. Douglas, K. Gilbert and J. Kerrigan left the meeting at 5:20 p.m.

The Committee met with Ms. Burke and Ms. Tarbox in executive session.

L. Goodhue, D. Ware, S. Ansara, G. Torres, C. Howe, L. Douglas, K. Gilbert and J. Kerrigan rejoined the meeting at 5:43 p.m. S. Burke and D. Tarbox left the meeting at 5:43 p.m.

The Chairman called for a motion to approve the 2015 financial statements.

On motion duly made by P. Indeglia and seconded by J. McGrath, all of the Committee members then voting, it was unanimously

Resolved: that the consolidated financial statements for the calendar year 2015, as presented and amended at this meeting, are hereby approved.

## Annual Report to Sole Shareholder

L. Goodhue reviewed the draft Annual Report to Sole Shareholder. He indicated that the Annual Report will be provided to the City along with the proxy material next week. A discussion ensued. The Committee members had no changes to the Annual Report.

## Risk

L. Goodhue provided the Committee with a high level overview of the areas of risk associated with the Company's business. A discussion ensued. It was agreed that management will prepare a timeline to review each of the risk areas during Committee meetings held in 2016.

The Committee asked that management schedule a meeting with the Company's insurance broker to (a) review the types of insurance the Company presently purchases, (b) discuss types of insurance coverages that the Committee might want to consider; and (c) discuss any areas that the Company should insure but have not.

E. Dunn left the meeting at 6:09 p.m.

## Corporate Code of Conduct

L. Goodhue referred the Committee to the addendum to Section 11 (Gifts, Meals, Services and Entertainment) of the Company's Corporate Code of Conduct. He indicated that the policy relating to the receipt of gifts and meals is outdated and unclear, and needs to be updated to reflect current customary business practices. The Committee members gave their comments on the addendum.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:37 p.m.

/s/ Suzanne L. Ansara  
Suzanne L. Ansara  
Corporate Secretary