



PENNICHUCK CORPORATION
25 Manchester Street
Merrimack, New Hampshire 03054

NOTICE OF ANNUAL MEETING OF SOLE SHAREHOLDER
To be Held on Saturday, May 4, 2019 at 9:00 a.m.

To the City of Nashua, New Hampshire, in its capacity as the Sole Shareholder of Pennichuck Corporation:

In accordance with the By-Laws of Pennichuck Corporation and applicable laws, Pennichuck Corporation hereby provides notice that you are cordially invited to attend the Annual Meeting of Sole Shareholder of Pennichuck Corporation. The City of Nashua, New Hampshire, is the Sole Shareholder of Pennichuck Corporation.

The Annual Meeting will be held at the DoubleTree by Hilton, 2 Somerset Parkway, Nashua, New Hampshire, on Saturday, May 4, 2019 at 9:00 a.m., for the following purpose:

1. To elect four directors, each for a three-year term, and to elect one director, for a one-year term, and until their successors are elected and qualified.

To facilitate the City's review of the matters to be addressed at the Annual Meeting, the Pennichuck Corporation Board of Directors have approved the delivery of the Proxy Statement attached to this Notice.

By Order of the Board of Directors,

LARRY D. GOODHUE
Chief Executive Officer,
Chief Financial Officer
and Treasurer

Merrimack, New Hampshire
March 25, 2019



PENNICHUCK CORPORATION

**25 Manchester Street
Merrimack, New Hampshire 03054**

PROXY STATEMENT

2019 Annual Meeting of Sole Shareholder To be Held on Saturday, May 4, 2019 at 9:00 a.m.

This Proxy Statement is furnished to the City of Nashua, New Hampshire (the “City”), in its capacity as the Sole Shareholder of Pennichuck Corporation (“Pennichuck Corporation” or the “Company”), by the Board of Directors of Pennichuck Corporation, in connection with the solicitation of a proxy to be voted at the Annual Meeting of Sole Shareholder for the purpose set forth in the accompanying Notice of Annual Meeting of Sole Shareholder.

The Annual Meeting will be held at the DoubleTree by Hilton, 2 Somerset Parkway, Nashua, New Hampshire, on Saturday, May 4, 2019 at 9:00 a.m.

Matter to be Voted Upon at the Annual Meeting

At the Annual Meeting, the City, in its capacity as the Sole Shareholder of Pennichuck Corporation, is being asked to consider and vote upon the following:

- (1) To elect C. George Bower, Jay N. Lustig, John D. McGrath and Preston J. Stanley, Jr. to the Pennichuck Corporation Board of Directors, as Class A directors, each for a three-year term, and until their successors are elected and qualified; and to elect Deborah Novotny to the Pennichuck Corporation Board of Directors, as a Class B director, for a one-year term, and until her successor is elected and qualified.

Voting at the Annual Meeting

Background. Pennichuck Corporation was acquired by the City on January 25, 2012. This acquisition was accomplished pursuant to an Agreement and Plan of Merger reached between the City and Pennichuck Corporation dated November 11, 2010 (the “Merger Agreement”). The transaction, in which the City issued \$150.6 million of general obligation bonds to acquire the outstanding stock of Pennichuck Corporation and pay all transaction costs, was authorized by special legislation enacted by the State Legislature in 2007 and 2010. The Mayor and the Board

of Aldermen unanimously approved the acquisition pursuant to this special legislation on January 11, 2011. The New Hampshire Public Utilities Commission approved the Merger Agreement on November 23, 2011, concluding that “the transaction is in the public interest and will not have an adverse effect on rates, terms, service, or operation of the utilities.”

Corporate Structure. As part of the acquisition, the corporate structure of Pennichuck Corporation and its utility subsidiaries was retained. Under this structure, the City is the sole shareholder of Pennichuck Corporation. Pennichuck Corporation continues to own five corporate subsidiaries, including three regulated public utilities (Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., and Pittsfield Aqueduct Company, Inc.), an unregulated service company (Pennichuck Water Service Corporation), and a real estate holding company (The Southwood Corporation).

Election of the Board of Directors. Under this corporate governance system, the City exercises its control over Pennichuck Corporation in its capacity as the Company’s Sole Shareholder in accordance with the Articles of Incorporation, the By-Laws and the New Hampshire laws governing business corporations. In accordance with these rules, Pennichuck Corporation’s business affairs are managed and overseen by a Board of Directors. One of the most important responsibilities of the City, in its capacity as Sole Shareholder, is to elect members of the Board of Directors from individuals nominated by the Pennichuck Corporation Board of Directors at the Company’s Annual Meeting.

Voting at the Annual Meeting. It is important to remember that the City itself is the Sole Shareholder, not any individual person who may hold an office with the City. The City must exercise its responsibilities as Sole Shareholder through public meetings of the City’s Board of Aldermen and Mayor, acting in accordance with applicable New Hampshire laws and the provisions of the City Charter. As a municipal entity, the City is not typically in a position to “attend” an annual meeting, or any other meeting of the Sole Shareholder, “in person.”

Traditional corporate law principles provide a ready solution for this type of “institutional” voting of shares. As the Sole Shareholder, the City may review the proposed vote and take action at appropriate City meetings determined by the City. The City may then either designate an individual person to attend the Annual Meeting in person with the authority to vote the City’s shares in accordance with the City’s determination, or the City may vote its shares by proxy.

To facilitate these options, the Pennichuck Corporation Board of Directors has prepared this Proxy Statement which contains details of the business to be conducted at the Annual Meeting. If the City determines to vote its shares by proxy, it should cause the enclosed proxy card to be completed and returned to Pennichuck Corporation prior to the Annual Meeting. By executing the enclosed proxy card, the City will be designating the actions it has determined to take with respect to the matters to be heard at the Annual Meeting and will be authorizing the officers of the Company named on the proxy card to act as the City’s proxy to vote on the City’s behalf at the Annual Meeting in accordance with the instructions set forth on the proxy card.

Corporate Governance Matters

Current Board of Directors. The Pennichuck Corporation Board of Directors is divided into three classes, each class serving for three years following their election and until their successors have been elected and qualified.

The number of Directors is currently fixed at eleven. There is a vacancy on the Board in Class B due to the resignation of a Board member in September 2017. The Board of Directors is nominating Deborah Novotny for election as a Class B director to fill the vacancy in Class B.

The Board currently has ten “seated” directors. Of the ten directors, four have terms ending in 2019 (Class A), three have terms ending in 2020 (Class B), and three have terms ending in 2021 (Class C).

The current members of the Company’s Board of Directors are as follows:

<u>Term Expiring 2019</u> Class A	<u>Term Expiring 2020</u> Class B	<u>Term Expiring 2021</u> Class C
C. George Bower	James P. Dore	David P. Bernier
Jay N. Lustig	Elizabeth A. Dunn	Stephen D. Genest
John D. McGrath	John M. Murphy	Thomas J. Leonard
Preston J. Stanley, Jr.	[Vacancy]	

Board Meetings, Committee Meetings and Attendance. In 2018, the Company’s Board of Directors held 12 Board meetings and 15 Committee meetings. Each current member of the Board attended 75% or more of the total number of meetings of the Board of Directors and the number of meetings of all committees of the Board on which they served. All but one member of the Board of Directors attended the 2018 Annual Meeting of Sole Shareholder.

Board Compensation. In 2018, each director received an annual retainer of \$12,000.

Annual Performance Evaluation. The Board of Directors conducts an annual self-evaluation of the Board and its Committees to determine whether they are functioning effectively. Each Committee is also required to evaluate their performance.

Corporate Code of Conduct. The Company has adopted a written Corporate Code of Conduct that applies to its directors, officers and employees. A current copy of the Corporate Code of Conduct can be found on the Company’s website at www.pennichuck.com, under the “Board of Directors – Meetings, Minutes and Corporate Governance” caption.

Board Committees. The Board of Directors has established four standing committees: the Audit, Finance and Risk Committee, the Communications Committee, the Compensation and Benefits Committee, and the Nominating and Governance Committee.

Each Committee has adopted a written Charter which sets forth its purpose, membership, duties and responsibilities. A copy of each Charter can be found on the Company’s website at www.pennichuck.com, under the “Board of Directors – Meetings, Minutes and Corporate Governance” caption.

The current members of the Board Committees are as follows:

Audit, Finance and Risk Committee

James P. Dore, Chairman
C. George Bower
Thomas J. Leonard
John D. McGrath
John M. Murphy

Communications Committee

Jay N. Lustig, Chairman
James P. Dore
Thomas J. Leonard
Preston J. Stanley, Jr.

Compensation and Benefits Committee

Stephen D. Genest, Chairman
David P. Bernier
C. George Bower
Elizabeth A. Dunn
Thomas J. Leonard
Jay N. Lustig

Nominating and Governance Committee

Elizabeth A. Dunn, Chairman
Stephen D. Genest
Thomas J. Leonard
Jay N. Lustig
Preston J. Stanley, Jr.

Audit, Finance and Risk Committee. The Audit, Finance and Risk Committee is responsible for the appointment, compensation and retention of the independent auditors; preapproval of all audit and non-audit services to be provided by the independent auditors; review and approval of all related party transactions; review and evaluation of the qualifications, performance and independence of the lead partner of the independent auditors; oversight of the integrity of the Company's financial statements and internal controls; oversight of Company financing activities; oversight of the policies and procedures established to assess, monitor and control operational and financial risk; and oversight of the Company's insurance programs. The Audit, Finance and Risk Committee held 4 meetings in 2018.

Communications Committee. The Communications Committee develops and assists with the policies and strategies of external communications between the Board, the Company and the Sole Shareholder, other stakeholders, and the public, as needed. The Communications Committee held 2 meetings in 2018.

Compensation and Benefits Committee. The Compensation and Benefits Committee is responsible for annually reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation; evaluating the Chief Executive Officer's performance in light of those goals and objectives, and determining and recommending to the Board of Directors the Chief Executive Officer's compensation based on evaluation of performance; reviewing and approving executive salaries; reviewing and approving any employment agreements, special compensation and benefits, or severance arrangements as they pertain to executive officers other than the Chief Executive Officer; overseeing the Company's compensation and benefit policies; and recommending to the Board of Directors the establishment, termination or amendment of existing compensation and employee benefit plans. The Compensation and Benefits Committee held 5 meetings in 2018.

Nominating and Governance Committee. The Nominating and Governance Committee is responsible for identifying individuals qualified to become Board members; recommending to the Board the persons to be nominated by the Board for election as directors at the Annual Meeting of Sole Shareholder; developing and recommending to the Board of Directors a set of corporate governance principles; overseeing an annual self-evaluation of the Board; and annually reviewing the Corporate Code of Conduct. The Nominating and Governance Committee is authorized to retain advisors and consultants and to compensate them for their services. The Nominating and Governance Committee did not retain such advisors or consultants during 2018. The Nominating and Governance Committee held 4 meetings in 2018.

As part of the nomination process, the Nominating and Governance Committee reviewed the current composition of the Board as a whole, reviewed the qualifications and performance of the incumbent directors who are up for re-election to the Board in 2019, discussed recommendations from Board members to identify and evaluate director candidates to fill the vacancy on the Board, and conducted non-public and public interviews of a director candidate.

The Nominating and Governance Committee considers whether to nominate any candidate for director in accordance with the criteria set forth in its Charter, subject to the restrictions set forth in the Company's By-Laws. These criteria include the candidate's integrity, business acumen, knowledge of the Company's business and industry, experience, diligence, conflicts of interest, and the ability to act in the interests of the Sole Shareholder. The Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The backgrounds and qualifications of the Company's directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities.

Senior Management. The members of the Company's Senior Management team are as follows:

Larry D. Goodhue, Chief Executive Officer, Chief Financial Officer and Treasurer

Mr. Goodhue has been the Chief Executive Officer, Chief Financial Officer and Treasurer of Pennichuck Corporation and its subsidiaries since November 6, 2015, and the Chief Financial Officer, Treasurer and Controller from March 2012 through November 2015. He was Controller from December 2006 to March 2012. Mr. Goodhue served as a financial consultant to Metrobility Optical Systems, Inc. from July 2006 to October 2006 and to Pennichuck Corporation from October 2006 to November 2006. From October 2005 to June 2006, he was the Vice President of Finance and Administration for Metrobility Optical Systems, Inc. and the Corporate Controller from September 2000 to September 2005. From May 2000 to August 2000, he served as Acting Chief Operating Officer for Annalee Mobilitree Dolls, Inc. and was the Controller from January 1998 to April 2000. Mr. Goodhue holds a Bachelor of Science degree in Business Administration from Merrimack College, and is a Certified Public Accountant in the State of New Hampshire (for which his certification is currently in an inactive status). Mr. Goodhue's base annual salary beginning as of April 1, 2018 was \$205,448.

Donald L. Ware, Chief Operating Officer

Mr. Ware has been the Chief Operating Officer of Pennichuck Corporation since January 27, 2012. He was the Senior Vice President of Operations and Engineering of Pennichuck Corporation from 2004 to January 2012, and Chief Engineer and Vice President from 1995 to 2004. Mr. Ware is also the Chief Operating Officer of Pennichuck Water Works, Inc. and the Company's other water utilities. From 1986 to 1995, Mr. Ware was General Manager for the Augusta Water District in Augusta, Maine. Mr. Ware holds a Bachelor of Science degree in Civil Engineering from Bucknell University and a Master of Business Administration degree from the Whittemore Business School at the University of New Hampshire. Mr. Ware's base annual salary beginning as of April 1, 2018 was \$201,187.

Summary of Proposal to be Voted Upon at the Annual Meeting

PROPOSAL 1 – ELECTION OF DIRECTORS

On February 22, 2019, the Company's Board of Directors took action to recommend that the Sole Shareholder (1) elect C. George Bower, Jay N. Lustig, John D. McGrath and Preston J. Stanley, Jr. (each an incumbent director) as Class A directors, each for a three-year term and until their successors are elected and qualified, and (2) elect Deborah Novotny as a Class B director, for a one-year term and until her successor is elected and qualified.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THESE FIVE NOMINEES.

Information regarding the professional backgrounds for each nominee follows:

Nominees for Director:

C. George Bower

(Director Since: November 2014)

Dr. Bower has been the Principal of ESRA Consulting, LLC, a professional consulting practice concentrated on the development of safety, health and environmental programs, from 1994 to present. From 1992 to 1994, Dr. Bower was President of National Soils, Inc., an applied technology company specializing in the development and management of industrial facilities and waste treatment operations. He was Senior Associate and Chief Scientist of Environmental Science and Engineering, Inc. from 1988 to 1992. Dr. Bower holds a Bachelor of Science degree in Social Sciences from Lock Haven University; a Master's degree in Transportation Safety from the University of Central Missouri; and a Ph.D. from Michigan State University. In 2018, he was elected as Moderator of the Souhegan Cooperative School District.

Jay N. Lustig

(Director Since: January 2012)

Mr. Lustig is currently the President/CEO of Scientific Solutions, Inc., a small research and development defense contractor in Nashua, NH. Mr. Lustig has C-level management experience working with a variety of engineering disciplines, business development experience and also financial service industry experience. Prior to working in the defense sector, he was a Product Manager for Pacific Packaging in Wilmington, MA. Mr. Lustig is a graduate of the Isenberg School of Business at the University of Massachusetts-Amherst. He and his wife have been residents of Nashua for the past thirty-six years.

John D. McGrath

(Director Since: January 2012)

Mr. McGrath has been a Project Executive for Methuen Construction Co., Inc., in Plaistow, NH, since February 2016, and was a Project Manager from 2007 to February 2016. From 1999 to 2007, Mr. McGrath was a Project Engineer for Barletta Engineering Corporation in Canton, MA. Mr. McGrath has spent more than 13 years managing projects specifically related to the rehabilitation, upgrade and construction of water and wastewater facilities. Mr. McGrath holds a Bachelor of Science degree in Civil and Environmental Engineering from Northeastern University.

Deborah Novotny

(Director Since: N/A)

Ms. Novotny has been a Commercial Lender and Senior Vice President of Enterprise Bank in Nashua, NH, since June 2013. From April 2007 to June 2013, Ms. Novotny was a Business Banker and Vice President for Peoples United Bank in Nashua, NH, and from May 1995 to April 2007, Ms. Novotny was a Business Development and Sales Manager and Vice President for TD Bank in Nashua, NH. Ms. Novotny has held many positions with non-profit organizations over the years, including past President of the Nashua Rotary Club, Board member and past President of the Nashua Boys & Girls Club, Board member of the Nashua Education Foundation, member of the Allocation Committee of the United Way of Greater Nashua, Board Member of Marguerite's Place, member of the City of Nashua Business & Industrial Development Authority, and past president of the Nashua Adult Learning Center.

Preston J. Stanley, Jr.

(Director Since: January 2012)

Mr. Stanley has been the Owner and Manager of Stanley Iron Works in Nashua, NH, since 1982. From 1961 to 1982, Mr. Stanley served in various positions with Ingersoll Rand in Nashua, NH, including Service Center Manager, Manager of Materials, and Project Engineer and Supervisor. Mr. Stanley holds a Bachelor of Science degree in Mechanical Engineering and a Master's degree in Business and Economics from the University of Maine.