



PENNICHUCK CORPORATION
25 Manchester Street
Merrimack, New Hampshire 03054

NOTICE OF ANNUAL MEETING OF SOLE SHAREHOLDER
To be Held on May 7, 2016

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 Courtyard Marriott, 2200 Southwood Drive, Nashua, New Hampshire, on Saturday, May 7, 2016 at 9:00 a.m., for the following purpose:

1. To elect four directors, each for a three-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,

A handwritten signature in blue ink, appearing to read 'L. Goodhue', written over a horizontal line.

LARRY D. GOODHUE
Chief Executive Officer

Merrimack, New Hampshire
March 29, 2016



PENNICHUCK CORPORATION
25 Manchester Street
Merrimack, New Hampshire 03054

PROXY STATEMENT

Annual Meeting of Sole Shareholder

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 Courtyard Marriott, 2200 Southwood Drive, Nashua, New Hampshire, on Saturday, May 7, 2016 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. as directors, each for a three-year term, and until their successors are 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. Our 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 Pennichuck Corporation Board currently has eleven directors. Of the eleven directors, four have terms ending in 2016, four have terms ending in 2017, and three have terms ending in 2018.

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

<u>Term Expiring 2016</u> Class A	<u>Term Expiring 2017</u> Class B	<u>Term Expiring 2018</u> Class C
C. George Bower Jay N. Lustig John D. McGrath Preston J. Stanley, Jr.	James P. Dore Elizabeth A. Dunn Paul A. Indeglia James McMahan	David P. Bernier Stephen D. Genest Thomas J. Leonard

Board Meetings, Committee Meetings and Attendance. In 2015, the Company's Board of Directors held twelve meetings. Each member of the Board participated in all Board meetings held, except for three directors who missed one Board meeting, and one director who missed three Board meetings. A majority of the members of the Board attended the 2015 Annual Meeting of Sole Shareholder.

In 2015, twenty Board Committee meetings were held. Each member of the Board of Directors participated in all meetings of the Committees on which they served, except for two Directors, who each missed one Committee meeting.

Board Compensation. In 2015, 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" caption, under the "Corporate Governance" heading.

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" caption, under the "Corporate Governance" heading.

The current members of the Board Committees are as follows:

Audit, Finance and Risk Committee

James P. Dore, Chairman
Paul A. Indeglia
Thomas J. Leonard
John D. McGrath
James McMahan

Communications Committee

Jay N. Lustig, Chairman
C. George Bower
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

Paul A. Indeglia, Chairman
Elizabeth A. Dunn
Stephen D. Genest
Thomas J. Leonard
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; 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 four meetings in 2015.

Communications Committee. The Communications Committee is responsible for the development and assistance 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 two meetings in 2015.

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 establishing, terminating or amending existing compensation and employee benefit plans. The Compensation and Benefits Committee held ten meetings in 2015.

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; and overseeing an annual self-evaluation of the Board. The Nominating and Governance Committee held four meetings in 2015.

As part of the nomination process, during 2015, the Nominating and Governance Committee reviewed the current composition of the Board as a whole, and reviewed the qualifications and performance of the incumbent directors who are up for re-election to the Board in 2016. 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 2015.

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 of Pennichuck Corporation and its subsidiaries since November 6, 2015, and the Chief Financial Officer and Treasurer since March 2012. He was Controller from December 2006 to November 2015. 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 Mobilitee 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. Mr. Goodhue's current annual salary is \$190,000.

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 and Executive Vice President 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 current annual salary is \$187,563.

Summary of Proposal to be Voted Upon at the Annual Meeting

PROPOSAL 1 – ELECTION OF DIRECTORS

On March 24, 2016, the Company's Board of Directors took action to recommend that the Sole Shareholder elect C. George Bower, Jay N. Lustig, John D. McGrath and Preston J. Stanley, Jr. as directors, each for a three-year term and until their successors are elected and qualified. Mr. Lustig, Mr. McGrath and Mr. Stanley have been directors of the Company since January 2012; Mr. Bower has been a director of the Company since November 2014.

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

Information regarding the professional backgrounds for each nominee follows:

Nominees for Director:

C. George Bower

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.

Jay N. Lustig

Mr. Lustig has been the Chief Executive Officer of Scientific Solutions, Inc., a research and development company in Nashua, New Hampshire, since October 2014. He has also been a Financial Advisor and Insurance Representative with MassMutual since March 2013, and was a Financial Advisor with Edward Jones Investments from September 2012 to March 2013. Mr. Lustig was the Chief Operating Officer of Scientific Solutions, Inc. from September 2009 to February 2012, and Director of Business Development from June 2001 to September 2009. Prior to 2001, Mr. Lustig was the Product Manager/Sales for Pacific Packaging Products in Wilmington, Massachusetts. Mr. Lustig holds a Bachelor's degree in Business Administration from the University of Massachusetts-Amherst.

John D. McGrath

Mr. McGrath has been a Project Executive for Methuen Construction Co., Inc., in Salem, New Hampshire, 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, Massachusetts. 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.

Preston J. Stanley, Jr.

Mr. Stanley has been the Owner and Manager of Stanley Iron Works in Nashua, New Hampshire, since 1982. From 1961 to 1982, Mr. Stanley served in various positions with Ingersoll Rand in Nashua, New Hampshire, 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.