



NSTAR Code of Conduct



Message from Tom May

Ethics and integrity are the key to NSTAR's continued success in all our dealings with customers, shareholders, employees, regulators and others with whom we do business.

As you all know, we have stated our mission simply and straightforward – we are in the business of serving our customers well. We have mapped out the keys to success in this mission, all of which carry with them key elements of honest and ethical conduct.

The events of the last two years within the corporate world have caused every organization to reexamine their corporate compliance programs. This is true by necessity of companies who have not lived up to required standards of ethics, but is also true of companies like ours that have always measured up to the highest principles of corporate behavior. Part of that re-examination has prompted us to restate our Code of Conduct, not only as a response to the government mandate for stronger governance standards, but also as a reaffirmation of our commitment to maintain the principles we have followed.

The restated NSTAR Code of Conduct expresses the degree of integrity and business conduct that we expect every NSTAR employee, officer, and trustee to uphold and follow. Compliance with this Code, other Company policies, and the laws and regulations applicable to our business must be a priority for each of us. We must all exercise sound judgment, make the right choices and take the right actions.

I urge you to read this restated Code of Conduct carefully and to abide by the spirit as well as the letter of the Code in all you do on NSTAR's behalf.

A handwritten signature in cursive script that reads "Tom May". The signature is written in black ink and is positioned above the printed name and title.

Thomas J. May

Chairman, President and Chief Executive Officer

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NSTAR's policy is that all of our business affairs shall be conducted with the highest standards of ethics and integrity, and that we remain in compliance with all federal, state and local laws, as well as any rules and regulations governing the company's operations.

NSTAR documents its corporate requirements for employees and contractors by issuing approved policies. Policy number N1, The NSTAR Code of Conduct, is distributed to all new employees and is available on the NSTAR intranet. The Code of Conduct sets the principles and framework for other Company policies. All other NSTAR policies are distributed on the intranet and are also available in hard copy at each major work location. Employees are expected to stay informed of and adhere to all NSTAR policies.

In addition, managers are responsible for monitoring and enforcement of policies.

We shall:

- Be honest, trustworthy and fair in our relationships with customers, fellow employees, suppliers, regulators, shareholders and the general public.
- Conduct business in accordance with the highest ethical standards and in compliance with the letter, spirit and intent of all federal, state and local laws, as well as any rules, regulations and Company policies and procedures.
- Provide service of the highest quality to our customers, shareholders, the general public and our fellow employees.
- Treat everyone with respect and dignity.
- Safeguard NSTAR's property, resources and reputation and refrain from using them for personal gain.
- Avoid outside activities or influences that conflict with or impair the performance of our work responsibilities.
- Maintain and respect the confidentiality of information pertaining to our customers, shareholders, employees, vendors and the Company.

Compliance

Individual responsibility

Every employee is responsible for maintaining the highest standards of ethics and integrity.

Every employee should carefully read the Code of Conduct because everyone must comply with it. The responsibility to behave ethically and lawfully rests with each individual and may not be delegated.

Each employee is responsible for using the highest standards of conduct to safeguard the Company's property, resources and reputation. Company funds, facilities, systems, vehicles, tools and other assets are to be used solely for activities that benefit the Company and enhance our corporate objectives, and must not be misused or wasted.

Guidance

Various Company resources have been committed to help you in understanding and complying with the Code of Conduct. If you do not understand any provision of the Code or the way it applies to a particular situation, your manager, the Corporate Compliance Officer or the members of the Legal or Internal Audit Departments are available to clarify it for you.

In addition to the Legal and Internal Audit Departments, other areas of the Company, such as the Environmental Affairs Department, the Safety and Health Department, the Human Resources Department and the Government Relations Department, have the expertise to advise you in their specific areas of responsibility. Helping employees to meet their ethical and legal obligations is a fundamental responsibility of every NSTAR manager.

Further explanation and amplification of some of the principles addressed in this Code of Conduct, and the policies and procedures that underlie them, are found in the NSTAR Policy Manual and Employee Resource Guide. The Code, Policy Manual and Resource Guide are complementary documents designed to be read together. You should familiarize yourself with all policies and procedures of the Company.

Given the variety and complexity of NSTAR's business, ethical situations may arise that are not described in this Code of Conduct, the Company's Corporate Policies or Resource Guide. This Code is not intended to be an all-inclusive catalog of ethical practices, but is rather a framework that describes the Company's intent to mandate and guide ethical conduct for all of the Company's employees, officers and trustees. If an individual has a specific question that he or she feels is not answered by this Code, the Corporate Policies or the Resource Guide, the employee should direct such question to the Corporate Compliance Officer, the Company's Legal Department or call the Corporate Compliance Hotline.

Ethical questions and concerns may be directed, anonymously if you choose, to the Corporate Compliance Hotline maintained by the Corporate Security Department. That phone number is 781-441-8540.

Disclosure

Employees are required to tell a supervisor, the Corporate Compliance Officer, or other employee authorized to respond to a given situation (e.g., Human Resources, Internal Audit, Environmental Affairs, Safety and Health), about any situation that violates, or that may violate, the Code. If at any time an employee, officer or trustee becomes aware of any apparent violation of any law, rule or regulation or of this Code, he or she must report such violation to the Corporate Compliance Officer. Reports can be made anonymously if desired unless disclosure is required by law, such as in the case where a manager becomes aware of suspected sexual harassment.

In addition, anonymous complaints by employees regarding accounting, internal controls or auditing matters can be directed to the Company through this confidential hotline or through the notice contained on the Company's website.

You can report any ethical concern without fear of reprisal. Management will not retaliate, nor will it permit any retaliation, against any employee because of a good faith disclosure of a violation or possible violation.

Consequences of Violations

Violators of the Code will be disciplined. Action may include termination of employment and, under appropriate circumstances, referral to law enforcement authorities.



Corporate Compliance Program

The Company's comprehensive Corporate Compliance Program is designed to deter, detect and address instances where people do not comply with laws and regulations governing our business. The program has several functions:

- It trains and guides employees to help them better understand their responsibilities.
- It communicates the Code of Conduct and the Compliance Program's requirements to all employees.
- It investigates reports of suspected violations.
- It prevents retaliation against people who report suspected violations.
- It takes appropriate action against code violators.

The Board of Trustees has appointed a Corporate Compliance Officer to help implement and administer the program. This officer is available to consult with employees on questions of business ethics and compliance.

Preventive Law Program

One of the Legal Department's important functions is to anticipate and avoid costly litigation. To help accomplish this, the Legal Department offers periodic training sessions conducted by its attorneys to help managers and supervisors better understand legal and regulatory issues in areas such as interpretations of the Code of Conduct, affiliate transactions, employment law litigation, and regulatory compliance.

Please call the Legal Department with any requests for information about the preventive law program, or about how certain laws or regulations apply to specific situations.

Disclosure – Q & A

Q: How do I report an incident I think may violate a law, regulations or this Code?

A: You can call the Corporate Compliance Hotline at 781-441-8540. Your call may be made anonymously if you wish. You may also discuss the matter with your manager, the Corporate Compliance Officer, or a member of the Legal or Internal Audit Departments. The Company's website also contains information on how complaints regarding certain financial matters can be made to the Company.

Q. If I do choose to report an incident without giving my name, will anything be done about it?

A. Yes, every report will be investigated regardless of whether you give your name or choose to report it anonymously.

Q. How can I feel sure that, if I report an incident, I will not be retaliated against either by my co-workers or my supervisor?

A. NSTAR will not tolerate any form of retaliation or reprisal against any employee who reports an actual or suspected violation of law or of the Code of Conduct. Those who do retaliate will be subject to disciplinary action, including the possibility of termination of employment.

If you feel that you have been retaliated against in violation of this policy, you should report the incident to the Corporate Compliance Officer, a Human Resources manager, or other individual in a position to act in such a matter.

Q. Who is the Corporate Compliance Officer and what is his role?

A. Senior Vice President of Strategy, Law and Policy, Douglas S. Horan, has been appointed Corporate Compliance Officer by the Board of Trustees. His job is to oversee the Corporate Compliance Program, which is designed to ensure that all NSTAR business affairs be conducted lawfully and ethically, and to receive questions and reports of incidents.

Laws and Regulations

General Compliance

The Company is committed to complying in all respects with the laws and regulations to which it is subject.

The Company and each employee must comply fully with all federal, state and local laws and regulations applicable to our conduct and the transaction of our business. In addition to literal compliance, each employee is expected to adhere to the spirit of the law. Furthermore, we must conduct the Company's business affairs in ways that are both ethical and responsible.

The following sections describe some of the laws and regulations we must observe.

Affiliate Relations

Unregulated business operations will not conflict with the obligations owed by our regulated utilities to their customers and the general public.

Federal and state regulatory commissions have published rules governing a regulated utility's interactions with its unregulated affiliates. The Massachusetts Department of Telecommunications and Energy has established Standards of Conduct to ensure that regulated utility operations do not subsidize or otherwise provide an unfair benefit to a utility's unregulated business activities. The Federal Energy Regulatory Commission has adopted regulations to ensure that all users of the Company's transmission system are dealt with fairly and have equitable access to the system.

When the NSTAR companies were granted their public utility franchise, they accepted a public trust, and we are committed to the highest standards of conduct in serving that trust.



Antitrust Laws

The NSTAR companies compete vigorously, but always fairly.

U.S. antitrust laws are designed to maintain open and competitive markets. Increasing competition in our industry, open transmission access and the establishment of our unregulated subsidiaries have underscored our need to understand and comply with these laws.

The laws prohibit a range of transactions and practices. Companies cannot agree or collude with competitors to fix or control prices, to allocate products, markets or territories, or to boycott certain customers or suppliers. Companies also cannot unlawfully refrain from or limit the manufacture, sale, production or provision of any product or service. The laws apply to formal and informal communications.

Employment Discrimination and Sexual Harassment

NSTAR will not tolerate illegal discrimination or harassment in any form.

Federal, state and local laws, regulations and guidelines prohibit discrimination in employment because of race, color, religion, sex, national origin, ancestry, sexual orientation, age, disability, or mari-

tal status in matters pertaining to employment. NSTAR is committed to providing all employees with a work environment that is free of unlawful discrimination, sexual harassment, or other forms of unlawful conduct. Refer to the Company's Sexual Harassment Policy.

Employment Discrimination and Harassment – Q & A

Q: An employee who formerly reported to me has repeatedly told me that her current supervisor has made sexual advances to her. She is afraid to complain for fear of losing her job. What should I as a manager tell her?

A: As an NSTAR manager, you must take action. Advise the employee to tell her supervisor that the advances are unwelcome and must stop. Reassure her that her employment will in no way be jeopardized by this action. If the advances continue, or any retaliatory action is taken, she must contact either the supervisor's manager, or the Human Resources Organization. Tell her of your legal obligation to inform management of the unwelcome advances even if she asks that you do not.

If the employee does not wish to confront her supervisor, she may go directly to Human Resources. If she chooses to take no action at this point, it is your responsibility as a manager to bring the matter to the attention of Human Resources.

Q: One of my co-workers repeatedly tells offensive jokes. How can I get him to stop?

A: You should tell the offender that his behavior violates Company policy and must stop. If you prefer not to confront him directly, or if the behavior continues after your objection, inform your manager or report the matter to the Human Resources Organization.



Environmental Regulation

NSTAR and its employees are committed to preserving and protecting the natural environment and to adhering to the environmental laws, regulations and standards in the communities in which we serve and live.

The Company's facilities, its air and water quality, waste disposal and other functions must comply with federal, state and local environmental laws and regulations. We must be aware of these rules, and we must act wisely to eliminate or minimize environmental impacts and liabilities. We have a responsibility to protect and preserve our natural environment.

Environmental Regulation – Q & A

Q: When working in the field, I saw oil leaking from equipment in a substation yard. What should I do?

A: All oil and hazardous material spills should be reported to your supervisor. Because the law requires that some releases or spills must be reported within a short period of time to the Massachusetts Department of Environmental Protection, NSTAR policy requires that employees must report all spills promptly upon discovery. Your supervisor should call a dispatch supervisor, who will then contact Environmental Affairs, which will determine what further reporting is required.

Q: How do I know if a material or waste is hazardous and, if it is hazardous, how to manage it safely?

A: Federal agencies such as OSHA and the EPA, which are charged with the responsibility for overseeing workplace health and safety and the protection of the environment, have promulgated regulations governing the safe handling of hazardous materials. All NSTAR employees who are assigned duties that involve the use of hazardous materials or the generation of hazardous wastes must first receive specific training in the identification and handling of such materials.

Supervisors are responsible for assuring that all employees who report to them receive the appropriate training in a timely manner. Specific questions regarding the handling of hazardous materials should be directed to the Health and Safety Department. Questions regarding hazardous waste management should be directed to the Environmental Affairs Department.





Safety

The Company is committed to conducting its operations with the highest regard for the safety and health of its employees, customers and the general public. NSTAR is committed to providing a safe and healthy work environment for all employees, and to providing appropriate care if an occupational injury or illness occurs. We are responsible for complying with all laws and regulations, and all Company policies and procedures, governing safety, health and personal conduct.

Safety – Q & A

Q. I have an assignment to perform circuit switching to restore power to a large customer but I have found that I do not have all of the personal protective equipment with me that I am required to wear for this type of work. The customer is here and is very anxious. I've performed this type of work many times before without any problems. Should I go ahead and perform the switching without the personal protective equipment to better satisfy the customer?

A. No. The requirements contained in the company's work rules are there for your protection – all of the time. Thankfully, "unexpected" problems during switching operations are relatively rare but they do occur. You need to explain your situation to the customer, apologize for the delay, and arrange through your supervisor to get the necessary equipment as soon as possible. If this were that rare time when the "unexpected" did occur, the Company wants you to be protected even if the delay causes increased concern for the customer.

Q. I work with someone who has a very physical sense of humor. On the job he frequently gets a kick out of throwing rather than handing me tools such as wrenches, screw drivers, and even utility knives. Being his target makes me very uncomfortable in that I have come very close to being injured on several occasions. For the sake of our friendship, should I just tolerate his actions?

A. No. The Company specifically prohibits this type of "horseplay" by any employee. Such actions could easily result in an injury to you or another employee. If you are not comfortable with addressing the situation directly with your friend, then refer the matter to your supervisor or a representative from the Safety Department. You should act quickly before someone gets injured.





Disclosure Policies and Accuracy of Business Records

Company Property and Records

NSTAR expects full, fair, accurate, timely and understandable disclosure in all documents required to be filed with regulatory agencies and in all public communications made by the Company. In order to assure that NSTAR carries out these continuing disclosure obligations, NSTAR is committed to recording and reporting its business information honestly and accurately. Failure to do so is a serious violation of the Company's policies and this Code, and may also be illegal. Any such failure will subject an individual to severe discipline by the Company, up to and including termination, as well as possible criminal and civil penalties.

Compliance with established accounting procedures, NSTAR's system of internal controls, FERC's System of Accounts and generally accepted accounting principles is necessary at all times. In order to achieve such compliance, the Company's records, books and documents must accurately reflect all transactions and provide a full account of NSTAR's assets, liabilities, revenues and expenses. No employee, officer or trustee may make, or allow to be made, any entry that intentionally hides or disguises the true nature of any transaction. No employee, officer or trustee may authorize or allow any other individual to alter, remove or destroy documents or records of the Company except in accordance with the Company's Records Management and Integrity of Company Records Policies.

The Company's Data, Records and Reports

We must prepare all business data, records and reports accurately and truthfully. Knowingly entering fraudulent data is unacceptable and will not be tolerated by the Company. Such conduct will subject an individual to severe discipline by the Company, up to and including termination, as well as possible criminal and civil penalties.

NSTAR's integrity depends on the accuracy and completeness of its business documents. Here are some examples:

- Expense, work time and test reports
- Production records
- Accounting records
- Cost estimates
- Contract proposals
- Customer records
- Regulatory and legal filings
- Information responses
- Press releases
- Presentations to management, the Board of Trustees, regulators, customers, employees, shareholders and the investment community

If we are to certify as to the accuracy of business information, we must be diligent in assuring that it is accurate and complete. We also must be sure that business information is released only for proper purposes within, among and outside the NSTAR companies.

Disclosure Policies and Accuracy of Business Records – Q & A

Q: What if I discover that another employee has entered incorrect and possibly fraudulent data?

A: You should immediately report the problem to your supervisor or the Corporate Compliance Officer. You may also call the Corporate Compliance Hotline at 781-441-8540.



Funds and Property of the Company

We are all personally responsible and accountable for the proper expenditure of Company funds and the use of Company property that is entrusted to us.

Each of us is responsible for ensuring that Company funds are spent properly, including money for travel and other business expenses. We also are responsible for properly using and caring for property that we control. Company property cannot be used for personal benefit, sold, loaned, given away or disposed of, regardless of its condition or value, without proper authorization.

Use of Company Property – Q & A

Q: I am assigned a Company vehicle and am allowed to take it home after work. May I use this vehicle for personal activities during nonworking hours?

A: No. With the exception of your commute to and from work, Company vehicles are to be used for business purposes only.

Q: I have a home project that requires the use of special tools that the Company owns. Am I allowed to borrow these tools to work on my project? What about my Company-owned cell phone, and the Company-owned computer that is installed in my home?

A: Company-owned property is to be used for business purposes only. Such property has been purchased and provided to the employee for the sole purpose of allowing the performance of his or her job in the most effective and productive manner.

Occasional personal use of such equipment as cell phones and home-based computers, as with your telephone at work, is permitted at the discretion of your manager, although such use must never interfere with the timely completion of your job duties or the optimum performance of the equipment.

Company-owned tools may be borrowed for use at home only with the express permission of your manager. Company vehicles may never be used for personal purposes, except for your commute to and from work.

Q: Am I allowed to access my own electric or gas account?

A: No employee may knowingly process any record changes or account transactions to his or her electric or gas service account, or to that of any relative, landlord or tenant, business partner, or other Company employee in his or her work group, without the written approval of an appropriate departmental supervisor.



Computer Software, Intellectual Property and Electronic Communications

Improper use or duplication of proprietary computer software or other intellectual property is prohibited.

Employees may not improperly use or duplicate proprietary computer software or any other intellectual property. Employees who have legitimate access to such material are expected to ensure that it is not used improperly or obtained by people outside the Company or employees who have no business interest in the material.

The NSTAR companies also will comply with all provisions of software and other license agreements with third parties. No employee may copy licensed material unless the terms of the agreement authorize it or our participation in licensing programs or agreements permits it.

Company electronic systems are to be used for appropriate business purposes.

Electronic systems owned by the Company, including e-mail and Internet access, are provided for business use and are never to be used for the transmission of inappropriate, offensive or sexually explicit material. The Company reserves the right to monitor all system use by employees.

Computer Software, Intellectual Property and Electronic Communications — Q & A

Q: During the workday, I occasionally wish to access the Internet for personal reasons or e-mail a friend. Am I permitted to use the Company's computer equipment and Internet connection to do so?

A: Company electronic systems are provided for business purposes only. Occasional personal use of these systems may be permitted at the discretion of your manager, but such use may never interfere with the timely completion of your job duties or with the optimum performance of these systems. Also, such use must never involve inappropriate, offensive or sexually explicit material.



Confidential and Proprietary Information

Confidential Information

Information not in the public domain pertaining to the Company's businesses, including financial, technical and commercial materials or data, or personal information pertaining to our customers, employees and shareholders, must be protected as confidential and proprietary. Employees, officers and trustees should maintain the confidentiality of the information entrusted to them, except when disclosure is authorized or legally required. You should not discuss or provide confidential information even to your own family members.

Such information must remain confidential because unauthorized disclosure could destroy the information's value to the Company, impair our competitive position, give unfair advantage to others or violate the law. The Company also has the obligation to treat as confidential all proprietary information that has been released to us by third parties.

Information that has been made public through a press release or a regulatory filing no longer needs to be treated as confidential.

Confidential Information — Q & A

Q: A friend of mine who works as a sales representative for a telemarketing company has asked me to give him some leads by providing him with information about NSTAR customers. I'd like to help him out. What can I tell him?

A: All information regarding NSTAR customers is considered confidential and should not be disclosed to anyone without proper authorization from the Company or by the customer himself. Tell your friend no.

Q: A marketing company representative called me requesting information regarding customer profiles. He told me the customers had given their permission to provide this information. What should I do?

A: Inform the caller that customer information is confidential and will not be released without the customer's written consent.

Media Disclosure

Employees should refer all questions from the media to the appropriate communications person who speaks for NSTAR as an official Company spokesperson. Employees should refer all questions from a government agency to NSTAR's Legal or Corporate Security Department.

Fair Dealing

Employees should endeavor to deal fairly with the Company's customers, suppliers, competitors and each other. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices.

Insider Trading

Under federal securities law, you cannot use material "inside" or "non-public" data or information when trading in or making an investment decision concerning the securities of NSTAR. You also cannot provide such information to others for their use.

Insider trading is both unethical and illegal, and will be dealt with decisively. All information that an investor might consider important in deciding whether to buy, sell or hold securities is considered "material." Examples of material information include financial and operating results, financial forecasts, possible mergers or acquisitions, dividend changes, obtaining or losing an important contract, major personnel changes or major regulatory and litigation developments.

Trustees and executive officers of NSTAR who trade in NSTAR shares are required to report such transactions to the Securities and Exchange Commission. In addition, trustees and officers must comply fully with the Company's Insider Trading Policy.

Insider Trading – Q & A

Q. I have just learned, in connection with the performance of my job responsibilities, that the Company is going to raise its dividend. Can I buy NSTAR shares based on this information?

A. No, you may not trade nor may someone trade on your behalf. This is material, non-public information relating to NSTAR's shares, and federal securities laws prohibit trading in stock on the basis of such information. Violations of the insider trading laws are criminal offenses that can result in heavy fines and imprisonment.

Q. Well, if I can't trade myself, can I tell my neighbor, who has nothing to do with NSTAR, about the dividend increase so that he can profit from the information?

A. No. The laws against insider trading also prohibit telling a third party who then trades on the information. Should this occur, both you and your neighbor could incur fines and imprisonment.



Outside Interests

Conflict of Interest

A conflict of interest is an activity or interest that is inconsistent with or opposed to the best interests of the Company. A conflict of interest situation can arise when an employee, officer or trustee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when an employee, officer or trustee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. Any potential material transaction or relationship that reasonably could be expected to give rise to a conflict of interest should be disclosed and reported in advance to the Corporate Compliance Officer. If a conflict of interest is determined to be possible, the employee, officer or trustee should not enter into the transaction or relationship. Refer to the Company's Conflict of Interest Policy.

Under this Policy, an employee may own stock in publicly owned corporations with which the NSTAR companies do business. However, an employee, officer or trustee may not invest in a customer, supplier, or competitor other than through mutual funds or through holdings of less than 0.5 percent of the outstanding shares of that entity's publicly traded securities.

Employees who have a direct or indirect financial interest in the transactions, property or business dealings listed above should contact the Corporate Compliance Officer so that a determination can be made as to whether the interest can continue with appropriate safeguards.

Outside Employment or Business Activities

We do not engage in outside employment or business activities that may negatively impact our ability to do our job.

Holding a job outside the Company may affect our ability to do our job for NSTAR. Employees who have or are considering other jobs or other business activities should tell their managers so that the Company can evaluate whether the outside employment will conflict with or compromise the Company's interests or adversely affect the employee's job performance.

The Company will not approve employment with any other business if it would:

- interfere with an employee's ability to devote proper attention to his or her NSTAR job,
- impair the employee's ability to act solely in the best interests of NSTAR,
- compete with the interests of NSTAR, or
- create the appearance that it impairs the employee's ability to act in the Company's best interests.

To this end, employees, officers or trustees may not be employed by, act as a consultant to, or have an independent business relationship with any of NSTAR's customers, competitors or suppliers which would result in a conflict of interest. Refer to the Company's Outside Employment and Activities

Policy. Employees should not have other outside employment or business interests that place them in the position of appearing to represent NSTAR or providing goods or services substantially similar to those NSTAR provides or is considering making available.

Outside Employment or Business Activities – Q & A

Q: I am a full time employee of NSTAR, but I have been offered a part-time consulting position with another company. I plan to do the consulting work on weekends, so it will not interfere with my work for NSTAR. Is this permissible?

A: As long as your job performance and ability to fulfill your responsibilities to the Company are not interfered with, and the job presents the Company with no conflict of interest, you may accept the employment. You must disclose the secondary employment to your manager in advance, so that he or she can ascertain that these requirements are met. Also, there may be no unauthorized use of Company tools, equipment, confidential trade information or techniques for the outside employment.



Q. NSTAR customers sometimes ask me to recommend someone to do home heating or electrical work for them. Several of my co-workers have their own heating and electrical business outside of NSTAR. I know they do good work. May I recommend my friends?

A. No. Employees may not use their position with NSTAR to promote their own businesses or those of their friends. Explain to the customer that laws and company policy prohibit any recommendation.

Q. Can I authorize the Company to do business with a company with which I have a direct or indirect financial or personal relationship, or an individual with whom I have a personal relationship?

A. No. The decision to retain a vendor must be made at arm's length. The potential vendor decision must be referred to the Purchasing Department for approval, verification of qualifications, comparative pricing and other determinations.

Corporate Opportunities

Employees, officers and trustees are prohibited from (a) taking for personal advantage or use any opportunities discovered through the use of Company property, information or position; (b) using Company property, information or position for personal gain; and (c) competing with the Company. An employee, officer or trustee owes a duty to the Company to advance its legitimate interests when the opportunity to do so arises.



Community Involvement

We believe in being a good corporate citizen in the communities we serve and live in.

Because of our commitment to good corporate citizenship, we encourage our employees to serve in appropriate civic and professional organizations. Please be alert to potential conflicts of interest, however.

If participation in the activities of such organizations requires an employee's time during normal working hours, the employee's manager must approve the involvement in advance.

Gifts and Entertainment

We do not accept or offer gifts or entertainment that could affect our business judgment or that of those with whom we deal, or create even the appearance of impropriety.

Exchanging gifts and entertainment of reasonable value is an accepted courtesy in the business world, but our policy is that they may be given or accepted only as a courtesy and only if they are of nominal value, which absent unusual circumstances will not exceed \$50 in value. The purpose should never be to improperly influence or reward an action, nor should it create such a perception. You may never solicit a gift or favor regardless of value.

You may accept invitations to meals and cultural and sports events if they are business-related, not overly lavish and of reasonable cost. Such activities can help employees build business relationships and discuss business issues in a congenial atmosphere. The emphasis is on strengthening business relationships. Avoid entertainment that is primarily for personal enjoyment.

Frequency of business entertainment with the same associates should be limited. Events and tours to distant locations paid for by other parties should not include travel expenses.

The giving or acceptance of entertainment is not appropriate:

- if it will compromise the integrity of a business decision,
- if it will create the obligation on the Company to reciprocate, or
- it will place someone in a possibly compromising situation.

The exchange of gifts or entertainment with a prospective supplier or contractor is strictly prohibited during the entire pendency of bidding and vendor selection processes.

Gifts and Entertainment – Q & A

Q. An NSTAR supplier has invited me to a two-day business seminar that his company holds annually to brief customers on new products and developments. I expect to learn quite a lot. The expenses of the seminar, including travel, lodging, meals and afternoon golf games, are paid for by the supplier. May I attend?

A. If your attendance has a business benefit to NSTAR, you may go. Any concerns as to whether a true business benefit exists should be raised with your manager. Your travel expenses should be paid by NSTAR, however, not by the supplier. If any bidding process or purchasing decision pertaining to this supplier is currently pending, your attendance would not be permissible.

Q. An NSTAR customer, grateful for some help I gave him in solving a service problem, has offered me the opportunity to purchase an expensive item at cost. May I accept this?

A. No. The acceptance of such a benefit would be a conflict of interest.

Giving to Government Officials

State law prohibits any employee of NSTAR from directly or indirectly (including through a third party) offering, paying or promising to pay any NSTAR funds to any government official or employee or to a political party or its officials.

Employees may not give or offer to give any gift, entertainment, service or item of monetary value to a federal, state or local government official. Any contact with a government official:

- must not compromise the integrity of the official or of NSTAR,
- must avoid any appearance of impropriety, and
- must be consistent with the policies of the governmental agency involved.

Loans or Gifts of Company Goods and Services

Prior approval is required before any employee makes loans or gifts of NSTAR's property or services to a member of the public, an agent or employee of another company, or a government agency or official. The Legal Department should also be consulted so that it may assist in making sure that appropriate documentation and insurance is in place.



Political Processes

Public Office

Employees who seek elected office or plan to accept an appointment to public office must advise the Company of their plans so that the Company can ensure that all applicable requirements have been met. Employees who intend to run for elected office or plan to accept an appointment to public office must advise the Company in advance of their intentions. This is because NSTAR's business frequently involves dealings with government agencies. Those dealings are subject to state conflict of interest law governing the conduct of public officials and public officials.

Public Office - Q & A

Q. I am running for public office in my town. Is there any problem with this?

A. NSTAR employees may hold public office as long as the position does not interfere with their NSTAR job responsibilities or pose a conflict of interest for the Company. You should inform your manager prior to the election so that a determination can be made that conflict of interest does not exist. Also, if in your official position you should be required to take some action that involves NSTAR, you should abstain from discussions or decisions regarding that matter.

