

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1995-06-13**  
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### FILER

#### **BOSTON GAS CO**

CIK: **13390** | IRS No.: **041103580** | State of Incorporation: **MA** | Fiscal Year End: **1231**  
Type: **S-3** | Act: **33** | File No.: **033-60199** | Film No.: **95546814**  
SIC: **4922** Natural gas transmission

Mailing Address  
*ONE BEACON STREET  
BOSTON MA 02108*

Business Address  
*ONE BEACON ST  
BOSTON MA 02108  
6177428400*

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM S-3

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

BOSTON GAS COMPANY

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

04-1103580

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

ONE BEACON STREET, BOSTON, MASSACHUSETTS 02108, (617) 742-8400  
(Address, including zip code, and telephone number, including area code, of  
Registrant's principal executive offices)

J.F. Bodanza

Senior Vice President and Treasurer

Boston Gas Company

One Beacon Street

Boston, Massachusetts 02108

(617) 742-8400

(Name, address, including zip code, and telephone number, including area code,  
of agent for service)

Please send copies of all communications to:

David B. Walek, Esq.

Donald R. Crawshaw, Esq.

Ropes & Gray

Sullivan & Cromwell

One International Place

125 Broad Street

Boston, Massachusetts 02110

New York, New York 10004

Approximate date of commencement of proposed sale to the public:  
From time to time or at one time after the effective date of this Registration  
Statement.

If the only securities being registered on this Form are being offered  
pursuant to dividend or interest reinvestment plans, please check the following  
box.

If any of the securities being registered on this Form are to be offered on a  
delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, other than securities offered only in connection with dividend or interest  
reinvestment plans, please check the following box.

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, please check the following box  
and list the Securities Act registration statement number of the earlier  
effective registration statement for the same offering.  \_\_\_\_\_

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under  
the Securities Act, check the following box and list the Securities Act  
registration statement number of the earlier effective registration statement  
for the same offering.  \_\_\_\_\_

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
please check the following box.

CALCULATION OF REGISTRATION FEE

<TABLE>  
<CAPTION>

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share (1) (2)	Proposed maximum aggregate offering price (1) (2)	Amount of registration fee
<S> Debt Securities	<C> \$100,000,000	<C> 100%	<C> \$100,000,000	<C> \$34,482.76

</TABLE>

- (1) Estimated solely for the purpose of calculating the registration fee.  
(2) Or, if any Debt Securities are issued at an original issue discount, such greater principal amount as shall result in an aggregate offering price equal to \$100,000,000.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Subject to completion, dated June 13, 1995

\$100,000,000

[BOSTON GAS LOGO]

Debt Securities

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Boston Gas Company (the "Company") from time to time may offer and sell its debt securities in one or more series in an aggregate principal amount not to exceed \$100,000,000 (the "Debt Securities"). The Debt Securities may be offered as separate series in amounts, at prices and on terms to be determined at the time of sale. The specific designation, aggregate principal amount, denominations, maturity, premium (if any), interest rate, time of payment of any interest, terms for any redemption at the option of the Company or the holder, terms for any sinking fund payments, the initial public offering price and certain other terms of and in connection with the offering and sale of the Debt Securities in respect of which this Prospectus is being delivered will be set forth in an accompanying supplement to this Prospectus (each a "Prospectus Supplement"). In addition, all or a portion of the Debt Securities may be issued in permanent global form.

The Company may sell Debt Securities to or through underwriters or dealers, and also may sell Debt Securities directly to other purchasers or through agents. See "Plan of Distribution." Such underwriters may include Salomon Brothers Inc., Donaldson, Lufkin & Jenrette Securities Corporation and/or J.P. Morgan Securities Inc. or may be a group of underwriters represented by them or other firms. Such firms may also act as agents. The Prospectus Supplement will set forth the names of any underwriters or agents involved in the sale of the Debt Securities and any applicable commissions or discounts.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THIS PROSPECTUS MAY NOT BE USED TO CONSUMMATE SALES OF DEBT SECURITIES UNLESS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.

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The date of this Prospectus is June 13, 1995

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this Prospectus or any Prospectus Supplement and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any underwriter or agent. This Prospectus and any Prospectus Supplement do not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby and thereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. Neither the delivery of this Prospectus or any Prospectus Supplement nor any sale made hereunder and thereunder shall, under any circumstances, create any implication that the information herein or therein is correct as of any time subsequent to their respective dates.

#### AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information may be inspected and copied at the public reference facilities of the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at its regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and 7 World Trade Center, 13th Floor, New York, New York 10048, and copies of such material may be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates.

The Company has filed with the Commission a Registration Statement under the Securities Act of 1933, as amended (the "1933 Act"), with respect to the Debt Securities offered hereby. For further information with respect to the Company and the Debt Securities offered hereby, reference is made to such Registration Statement and to the exhibits thereto.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 31, 1994 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, each heretofore filed with the Commission pursuant to the 1934 Act, are hereby incorporated by reference in this Prospectus.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act after the date of this Prospectus and prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed incorporated document modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated by reference in this Prospectus, other than exhibits to such documents (unless such exhibits have been specifically incorporated by reference therein). Requests for such copies should be directed to J. L. Miller, Esq., General Counsel, Clerk and Secretary, Boston Gas Company, One Beacon Street, Boston, Massachusetts 02108, phone (617) 742-8400.

The Company does not prepare annual or quarterly reports for shareholders and no such reports will be furnished to holders of Debt Securities.

## SUMMARY INFORMATION

The following summary information is qualified in its entirety by the information appearing elsewhere in this Prospectus and in the documents, financial statements and information incorporated by reference in this Prospectus.

&lt;TABLE&gt;

&lt;CAPTION&gt;

THE OFFERING	
<S>	<C>
Issuer.....	Boston Gas Company
Securities Offered.....	\$100,000,000 of unsecured Debt Securities
Use of Proceeds.....	Financing of capital expenditures and payment of obligations incurred in connection therewith, and other general corporate purposes, which may include the refinancing of outstanding indebtedness.

&lt;/TABLE&gt;

## THE COMPANY

&lt;TABLE&gt;

&lt;CAPTION&gt;

<S>	<C>
Founded.....	1822
Franchise area.....	Boston and 73 additional Massachusetts communities
Area served.....	1,656 square miles
Area population.....	2,335,000
Employees.....	1,700
Sole Common Stockholder.....	Eastern Enterprises

&lt;/TABLE&gt;

SUMMARY OF FINANCIAL INFORMATION  
(Dollars in thousands)

&lt;TABLE&gt;

&lt;CAPTION&gt;

	Twelve Months Ended	Year Ended December 31,		
	March 31, 1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>
Operating Revenues.....	\$640,097	\$660,158	\$614,294	\$594,330
Net Earnings Applicable to Common Stock..	\$ 19,614	\$ 25,222	\$ 18,025	\$ 27,303
Ratio of Earnings to Fixed Charges (A)...	2.29	2.69	2.40	3.07

March 31, 1995

Long-term obligations (excluding current portion).....	\$216,041
Variable term preferred stock.....	29,237
Common stockholder's investment.....	216,589
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Total capitalization.....	461,867
	=====
Notes payable.....	9,000

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&lt;/TABLE&gt;

Notes:

(A) Ratios of Earnings to Fixed Charges for the years ended December 31, 1990 and 1991 were 2.23 and 2.13, respectively. Fixed charges include the financing costs of the Company's gas inventories which the Massachusetts Department of Public Utilities allows to be fully recovered through the Cost of Gas Adjustment Clause and which are reported in the Company's consolidated statement of earnings as cost of gas sold. Fuel financing costs were \$2,329, \$2,061, \$1,532, \$1,465, \$1,611 and \$2,274 for the twelve months ended March 31, 1995 and for the years ended December 31, 1994, 1993, 1992, 1991 and 1990, respectively.

## OPERATING STATISTICS

<TABLE> <CAPTION>	Twelve Months	Year Ended December 31,		
	Ended March 31, 1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>
Gas Sales and Transportation (Millions of Cubic Feet @ 1,000 B.T.U.)				
Firm: Sales.....	76,173	81,716	82,907	78,918
Transportation.....	14,083	13,791	12,351	7,369
Total Firm Throughput.....	90,256	95,507	95,258	86,287
Non-Firm: Sales.....	17,225	14,001	10,189	18,702
Transportation.....	26,139	34,919	39,304	27,270
Total Non-Firm Throughput.....	43,364	48,920	49,493	45,972
Total Throughput.....	133,620	144,427	144,751	132,259
Actual Billing Degree Days as a Percentage of Normal (B)..	91%	101%	99%	104%
Average Number of Customers.....	512,329	511,493	507,196	501,912
Average Annual Firm Gas Use per Customer (MCF).....	176	187	188	172

&lt;/TABLE&gt;

## Notes:

(B) Normal Billing Degree Days represent the difference between 65 degrees and the 20 year average of Boston temperatures adjusted for the current year's meter reading schedule.

## THE COMPANY

The Company is engaged in the distribution, sale and transportation of natural gas to residential, commercial and industrial customers in its service area, which includes the City of Boston, Massachusetts, and 73 other eastern Massachusetts communities. The Company has been in business for 173 years and is the second oldest gas company in the United States. The Company's principal executive offices are located at One Beacon Street, Boston, Massachusetts 02108 and its telephone number is (617) 742-8400. Since 1929 all of the common stock of the Company has been owned by Eastern Enterprises ("Eastern"), headquartered in Weston, Massachusetts. Eastern is a Massachusetts voluntary association and its common stock is listed on the New York, Boston and Pacific stock exchanges. The Debt Securities offered hereby are not guaranteed by Eastern.

## RECENT DEVELOPMENTS

In response to increasing competition in energy markets, the Company has initiated a comprehensive corporate reengineering project focused on improving customer service and lowering operating costs over the longer term. The Company expects to complete implementation of a new organizational structure designed to achieve these objectives by the end of 1995. The Company completed an early retirement offer to a group of employees in the second quarter of 1995 at a cost of \$1.1 million, and expects that lower salary expense will offset this cost by the end of 1995. Certain details of the reengineering have not yet been determined and additional costs may be incurred. Such costs are expected to be offset over time by corresponding lower expenditures.

## USE OF PROCEEDS

The net proceeds from the sale of Debt Securities offered from time to time hereby will be used to finance capital expenditures and for the payment of

obligations incurred in connection therewith, and for other general corporate purposes, which may include the refinancing of outstanding indebtedness including the Company's 8 3/4% Debentures due 2001 and the Company's 9% Debentures due 2001.

#### DESCRIPTION OF DEBT SECURITIES

The following description sets forth certain general terms and provisions of the Debt Securities to which any Prospectus Supplement may relate. The particular terms of the Debt Securities offered by any Prospectus Supplement and the extent, if any, to which such general provisions may apply to the Debt Securities so offered will be described in the Prospectus Supplement relating to such Debt Securities.

The Debt Securities are to be issued under the Indenture dated as of December 1, 1989 (the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Original Trustee"). On November 18, 1992, the Company and the Original Trustee entered into an Agreement of Resignation, Appointment and Acceptance with The First National Bank of Boston pursuant to which the Company appointed The First National Bank of Boston (the "Trustee") as successor Trustee under the Indenture and the Original Trustee assigned, and the Trustee accepted, all rights, powers, duties and trusts of the Original Trustee under the Indenture. The following summary of certain provisions of the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by express reference to, all the provisions of the Indenture, including the definitions therein of certain terms. Certain terms defined in the Indenture are capitalized herein. Particular section numbers refer to sections in the Indenture.

#### GENERAL

The Debt Securities will be unsecured obligations of the Company and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company.

6

The Indenture does not limit the aggregate principal amount of Debt Securities which may be issued thereunder and provides that Debt Securities may be issued thereunder from time to time in one or more series.

Reference is made to the Prospectus Supplement relating to the Debt Securities offered thereby for the following terms thereof, among others: (1) the title of the Debt Securities; (2) any limit on the aggregate principal amount of the Debt Securities; (3) the person to whom any interest on the Debt Securities shall be payable if other than the registered holder; (4) the date or dates on which the principal of the Debt Securities will be payable; (5) the rate or rates at which the Debt Securities will bear interest, if any, or the method by which such rate or rates shall be determined; (6) the date or dates from which any such interest shall accrue, or the method by which such date or dates shall be determined and the date on which payment of any such interest will be payable and the Record Dates for such interest payment dates; (7) the place or places where the principal of, and premium (if any) and interest on Debt Securities of the series shall be payable; (8) the period or periods within which, the price or prices at which, and the terms and conditions upon which, the Debt Securities may be redeemed in whole or in part, at the option of the Company; (9) the obligation, if any, of the Company to redeem, repay, or purchase such Debt Securities pursuant to any sinking fund or analogous provision or at the option of a Holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, such Debt Securities shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation; (10) whether the provisions of the Indenture under "Defeasance" will not be applicable to the Debt Securities; (11) whether any of the Debt Securities are to be issuable in temporary or, in whole or in part, permanent global form; (12) any additional restrictive covenants included for the benefit of Holders of the Debt Securities; (13) any additional Events of Default with respect to the Debt Securities; and (14) any other terms of the Debt Securities not inconsistent with the provisions of the Indenture. (Sections 301 and 901)

Unless otherwise indicated in the Prospectus Supplement relating thereto, principal of, and any premium (if any) or interest on, the Debt Securities will

be payable and the Debt Securities will be exchangeable and transfers thereof will be registerable, at the Corporate Trust Office of the Trustee at 150 Royall Street, Canton, Massachusetts or at the office of the New York registrar and paying agent, BancBoston Trust Company of New York, 55 Broadway, New York, New York, provided that, at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as it appears in the Security Register. (Sections 202, 305 and 1002)

Unless otherwise indicated in any Prospectus Supplement relating thereto, the Debt Securities will be issued in fully registered form, without coupons, in denominations of \$1,000 or any integral multiple thereof. (Section 302) No service charge will be made for any transfer or exchange of the Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 305) The Indenture also provides that the Debt Securities of any series, if so specified with respect to a particular series, may be issued in permanent global form. See "Permanent Global Securities."

Debt Securities may be issued under the Indenture as Original Issue Discount Securities to be offered and sold at a discount from the principal amount thereof. Special federal income tax, accounting and other considerations applicable to any such Original Issue Discount Securities and not described in this Prospectus will be described in the Prospectus Supplement relating thereto. "Original Issue Discount Security" is defined in the Indenture as any security which provides for an amount less than the principal amount thereof to be due and payable upon the declaration of acceleration of the Maturity thereof upon the occurrence of an Event of Default and during the continuation thereof. (Section 101)

#### PERMANENT GLOBAL SECURITIES

If any Debt Securities of a series are issuable in permanent global form, the Prospectus Supplement relating thereto will describe the circumstances, if any, under which beneficial owners of interest in any such permanent global Debt Security may exchange such interests for Debt Securities of such series and like tenor

7

of any authorized form and denomination. A Person having a beneficial interest in a permanent global Debt Security will, except with respect to payment of principal of, and any premium and interest on, such permanent global Debt Security, be treated as a holder of such principal amount of Outstanding Debt Securities represented by such permanent global Debt Security as shall be specified in a written statement of the Holder of such permanent global Debt Security. Principal of and any premium and interest on a permanent global Debt Security will be payable in the manner described in the Prospectus Supplement relating thereto. (Section 204)

#### RESTRICTIVE COVENANTS

##### Limitations upon Liens.

The Indenture provides that, so long as any of the Debt Securities of any series remain outstanding, the Company will not, and will not permit any Subsidiary to, create or suffer to be created or to exist any mortgage on, pledge of, or other lien on or security interest in, any of its properties or assets now owned or hereafter acquired to secure any indebtedness, without making effective provision whereby the Debt Securities shall be equally and ratably secured with any and all such indebtedness and with any other indebtedness similarly entitled to be equally and ratably secured; except that this restriction does not apply to or prevent (a) the Indenture of First Mortgage from the Company to The National Shawmut Bank of Boston, as Trustee, dated as of September 1, 1971 (the "First Mortgage Indenture"), securing the Company's First Mortgage Bonds issued prior to the date of the Indenture, or any indenture supplemental to the First Mortgage Indenture subjecting any property to the lien thereof or confirming the lien thereof upon any property, whether owned before or acquired after the date of the Indenture; (b) mortgages on property existing at the time of acquisition of such property, whether by purchase, merger or otherwise (or on the property of a Subsidiary at the date it became a Subsidiary), or to secure the payment of all or any part of the purchase price thereof including the extension of any such mortgages to

repairs, renewals, replacements, substitutions, betterment, additions, extensions and improvements then or thereafter made on the property subject thereto; (c) any extensions, renewals or replacements (or successive extensions, renewals or replacements), in whole or in part, of mortgages permitted by the foregoing clauses (a) and (b); (d) the pledge of any bonds at any time issued under any of the mortgages permitted by clauses (a), (b) and (c) above; or (e) Permitted Encumbrances. (Section 1004) "Permitted Encumbrances" includes, among other items, the pledge or assignment in the ordinary course of business of accounts receivable, or customers' installment paper, representing part or all of the purchase price of appliances or equipment. (Section 101)

#### Limitation on First Mortgage Bonds.

The Indenture provides that, so long as any of the Debt Securities remain outstanding, the Company will not issue any additional First Mortgage Bonds under the First Mortgage Indenture or any indenture supplemental thereto, except in connection with transfers, exchanges, replacements, substitutions or reissues of First Mortgage Bonds of any series issued by the Company prior to the date of the Indenture. (Section 1006)

#### EVENTS OF DEFAULT

The following are Events of Default under the Indenture with respect to Debt Securities of any series: (a) failure to pay any interest on any Debt Security of that series when due, and such failure has continued for 30 days; (b) failure to pay principal of, or premium, if any, on any Debt Security of that series when due; (c) failure to deposit any sinking fund payment in respect of any Debt Security of that series when due, and such failure has continued for 30 days; (d) failure to perform any other covenant of the Company in the Indenture (other than a covenant included in the Indenture solely for the benefit of series of Debt Securities other than that series), and such failure has continued for 90 days after written notice as provided in the Indenture; (e) certain events of bankruptcy, insolvency or reorganization relating to the Company; and (f) any other Event of Default provided with respect to Debt Securities of that series. (Section 501)

8

If an Event of Default with respect to Debt Securities of any series at the time Outstanding shall occur and be continuing, either the Trustee or the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) to be due and payable immediately. However, at any time after a declaration of acceleration with respect to Debt Securities of any series has been made, but before a judgment or decree based on such acceleration has been obtained, the Holders of a majority in principal amount of Outstanding Debt Securities of that series may, subject to certain conditions, rescind and annul such acceleration. (Section 502) For information as to waiver of defaults, see "Modification and Waiver." Reference is made to the Prospectus Supplement relating to any series or portion of any series of Debt Securities which are Original Issue Discount Securities for the particular provisions relating to acceleration of the Maturity of a portion of the principal amount of such Original Issue Discount Securities upon the occurrence of an Event of Default and the continuation thereof.

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable security or indemnity. (Sections 601 and 603) Subject to such provisions for security or indemnification of the Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

No Holder of any Debt Security of any series will have any right to institute any proceeding with respect to the Indenture or for any remedy

thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to Debt Securities of that series and unless also the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series shall have made written request, and offered reasonable security or indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Debt Securities of that series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. (Section 507) However, the Holder of any Debt Security will have an absolute right to receive payment of the principal of (and premium, if any) and any interest on such Debt Security on or after the due dates expressed in such Debt Security and to institute suit for the enforcement of any such payment. (Section 508)

The Indenture requires the Company to furnish to the Trustee annually a statement as to whether there is a default in the performance or observance of certain covenants. (Section 1007)

#### SATISFACTION AND DISCHARGE OF THE INDENTURE

The Indenture provides that when, among other things, all Debt Securities not previously delivered to the Trustee for cancellation (i) have become due and payable, or (ii) will become due and payable at their Stated Maturity within one year, or (iii) are to be called for redemption within one year and the Company deposits or causes to be deposited with the Trustee as trust funds in trust for the purpose an amount in money or the equivalent in U.S. Government Obligations (as defined) (or a combination thereof) sufficient to pay and discharge the entire indebtedness on the Debt Securities not previously delivered to the Trustee for cancellation, for the principal (and premium, if any) and interest to the date of the deposit or to the Stated Maturity or Redemption Date, as the case may be, then the Indenture will cease to be of further effect (except as to the Company's obligations to compensate, reimburse and indemnify the Trustee pursuant to the Indenture and certain other obligations), and the Company will be deemed to have satisfied and discharged the Indenture. (Section 401)

#### DEFEASANCE

9

The Indenture also provides that the Company will be discharged from any and all obligations in respect of the Debt Securities of any series (except for certain obligations to register the transfer or exchange of Debt Securities of such series, to replace stolen, lost or mutilated Debt Securities of such series, to maintain paying agencies and to hold monies for payment in trust), upon the deposit with the Trustee, in trust, of money and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and each installment of interest on the Debt Securities of such series on its Stated Maturity in accordance with the terms of the Indenture and the Debt Securities of such series. (Section 1302)

Under current income tax law, defeasance would likely be treated as a taxable exchange of such Debt Securities for interest in the defeasance trust. As a consequence a Holder would recognize gain or loss equal to the difference between the Holder's cost or other tax basis for such Debt Securities and the value of the Holder's proportionate interest in the defeasance trust, and thereafter would be required to include in income a proportionate share of the income, gain and loss of the defeasance trust. Purchasers of Debt Securities should consult their own advisors with respect to the more detailed tax consequences to them of such defeasance, including the applicability and effect of tax laws other than Federal income tax law.

The Prospectus Supplement relating thereto may further describe the provisions, if any, applicable to defeasance with respect to the Debt Securities of a particular series.

#### MODIFICATION AND WAIVER

Modification and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected

thereby and 66 2/3% in aggregate principal amount of the Outstanding Debt Securities of all series affected thereby; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby: (a) change the Stated Maturity of the principal of, or any installment or principal of or interest on, any Debt Security; (b) reduce the principal amount of, or any premium or interest on, any Debt Security; (c) reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof; (d) change the place or currency of payment of principal of, or premium, if any, or interest on, any Debt Security; (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security after the Stated Maturity (or, in the case of redemption, on or after the Redemption Date); or (f) reduce the percentage in principal amount of Outstanding Debt Securities of any series, the consent of the Holders of which is required for modification or amendment of the Indenture, for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults. (Section 902)

The Holders of a majority in principal amount of the Outstanding Debt Securities of each series and 66 2/3% in aggregate principal amount of the Outstanding Debt Securities of all series may on behalf of the Holders of all Debt Securities of that series waive, insofar as that series is concerned, compliance by the Company with certain restrictive covenants of the Indenture. (Section 1008) The Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series may on behalf of the Holders of all Debt Securities of that series waive any past default under the Indenture with respect to that series of Debt Securities, except a default in the payment of the principal of or premium, if any, or any interest on any Debt Security of that series or in respect of a provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of that series affected. (Section 513)

#### CONSOLIDATION, MERGER AND SALE OF ASSETS

Nothing in the Indenture or in the Debt Securities of any series shall prevent the consolidation or merger of the Company with or into any other Person, or the merger into the Company of any other Person, or the sale by the Company of its property and assets as, or substantially as, an entirety, or otherwise, provided, however, that (i) any consolidation, merger, sale or transfer shall be on terms that fully preserve

10

and do not impair the rights or powers of the Trustee or the Holders of the Debt Securities; (ii) (x) the corporation resulting from such consolidation, (y) any corporation other than the Company into which such merger shall be made, or (z) the corporation to which such property and assets shall be sold shall expressly assume the due and punctual payment of the principal of, and interest on, all the Debt Securities then outstanding and the performance and observance of all covenants and conditions of the Indenture on the part of the Company to be performed or observed, to the same extent that the Company is bound and liable; and (iii) certain other conditions are met. (Section 801)

#### TRUSTEE

The Trustee is The First National Bank of Boston which has from time to time and may continue to provide loans to the Company and its affiliates in the ordinary course of business.

#### PLAN OF DISTRIBUTION

The Company may sell the Debt Securities (i) through underwriters or dealers; (ii) through agents; (iii) directly to purchasers; or (iv) through a combination of any such methods of sale. Any such underwriter, dealer or agent may be deemed to be an underwriter within the meaning of the Securities Act. The Prospectus Supplement relating to any Debt Securities will set forth their offering terms, including the name or names of any underwriters, the purchase price of such Debt Securities and the proceeds to the Company from such sale, any underwriting discounts, commissions and other items constituting underwriters' compensation, any initial public offering price and any securities exchanges on which such Debt Securities may be listed.

If underwriters are used in the sale, the Debt Securities will be acquired by the underwriters for their own accounts and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, or at prices related to such prevailing market prices, or at negotiated prices. The Debt Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. Unless otherwise set forth in the Prospectus Supplement relating thereto, the obligations of the underwriters to purchase any Debt Securities will be subject to certain conditions precedent and the underwriters will be obligated to purchase all such Debt Securities if any are purchased. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time, any such concession not to be in excess of the discount received by the Agent from the Company unless otherwise specified in the applicable Pricing Supplement.

Debt Securities may be sold directly by the Company or through agents designated by the Company from time to time. Any agent involved in the offer or sale of any Debt Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent will be set forth, in the Prospectus Supplement relating thereto. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a reasonable efforts basis for the period of its appointment.

If so indicated in the Prospectus Supplement relating thereto, the Company will authorize underwriters, dealers or agents to solicit offers by certain specified institutions to purchase Debt Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to any conditions set forth in the Prospectus Supplement and the Prospectus Supplement will set forth the commission payable for solicitation of such contracts. The underwriters and other persons soliciting such contracts will have no responsibility for the validity or performance of any such contracts.

Underwriters, dealers and agents may be entitled to indemnification under agreements entered into with the Company against civil liabilities, including liabilities under the 1933 Act, or to contribution by the Company to payments they may be required to make in respect thereof.

11

#### VALIDITY OF DEBT SECURITIES

The validity of the Debt Securities will be passed upon for the Company by Ropes & Gray, One International Place, Boston, Massachusetts, and for any Agents or Underwriters by Sullivan & Cromwell, 125 Broad Street, New York, New York. Proceedings before the Massachusetts Department of Public Utilities will be passed upon by J.L. Miller, Esq., General Counsel, Boston Gas Company, One Beacon Street, Boston, Massachusetts. In rendering their opinion, Sullivan & Cromwell will rely as to matters of Massachusetts law on Ropes & Gray and J.L. Miller, Esq.

#### EXPERTS

The consolidated financial statements and schedules included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994 incorporated by reference herein have been audited by Arthur Andersen, LLP, independent public accountants, as indicated in their report with respect thereto, and are incorporated by reference in this Prospectus in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

12

#### PART II

##### INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

Expenses of the registrant in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commission, are estimated (except as noted below) to amount to the following:

<TABLE>

<CAPTION>

<S>	<C>
Registration fee (actual).....	\$ 34,483
Printing .....	7,500
Legal services and expenses.....	60,000
Accounting fees and expenses.....	18,000
Blue Sky fees and expenses.....	5,000
Rating agency fees.....	62,500
Charges of trustee, transfer agent and registrar..	35,000
Miscellaneous.....	6,517
	-----
Total.....	\$229,000
	=====

</TABLE>

Item 15. Indemnification of Directors and Officers.

Section 67 of Chapter 156B of the Massachusetts General Laws (made applicable to the registrant by Section 4 of Chapter 164) provides that indemnification of directors and officers of the registrant may be provided to the extent specified or authorized by its Articles of Organization or a By-law provision adopted by the stockholders.

Section 9 of the Company's By-laws, provides as follows:

"The corporation shall, to the extent legally permissible, indemnify each of its directors and officers (including persons who serve at its request as directors, officers, or trustees of another organization in which it has any interest, as a shareholder, creditor or otherwise) against all liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees, reasonably incurred by him in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which he may be involved or with which he may be threatened, while in office or thereafter, by reason of his being or having been such a director or officer except with respect to any matter as to which he shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his action was in the best interests of the corporation; provided, however, that as to any matter disposed of by a compromise payment by such director or officer, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless such compromise shall be approved as in the best interests of the corporation, after notice that it involves such indemnification, (a) by a disinterested majority of the directors then in office; or (b) by a majority of the disinterested directors then in office, provided that there has been obtained an opinion in writing of independent legal counsel to the effect that such director or officer appears to have acted in good faith in the reasonable belief that his action was in the best interests of the corporation; or (c) by the holders of a majority of the outstanding stock at the time entitled to vote for directors, voting as a single class, exclusive of any stock owned by an interested director or officer. In discharging his duty any such director or officer, when acting in good faith, may rely upon the books of account of the corporation or of such other organization, reports made to the corporation or to such other organization by any of its officers or employees or by counsel, accountants, appraisers or other experts selected with reasonable care by the board of directors or trustees, or upon

II-1

other records of the corporation or of such other organization. Expenses, including counsel fees incurred with respect to any such action, suit or proceeding may be paid by the corporation prior to the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that indemnification for such expenses is not authorized under this

Section. The right of indemnification hereby provided shall not be exclusive of or affect any other right to which any director or officer may be entitled. As used in this Section, the terms "director" and "officer" include their respective heirs, executors and administrators, and an "interested" director or officer is one against whom in such capacity the proceedings in question or another proceeding on the same or similar grounds is then pending. Nothing contained in this Section shall affect any rights to indemnification to which corporate personnel other than directors and officers may be entitled by contract or otherwise under law."

Eastern Enterprises, the parent of the registrant, maintains an insurance policy on behalf of itself and its subsidiaries, and on behalf of their respective directors and officers, covering certain liabilities which may arise as a result of the actions or omissions of said directors and officers.

The Agency Agreement provides that the agents thereunder will indemnify the registrant's directors, officers and controlling persons against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended.

Item 16. Exhibits.

<TABLE>

<CAPTION>

Exhibit

Number	Description of Exhibit
--------	------------------------

<C>	<S>
1.1.	-- Form of Agency Agreement.
4.1.	-- Form of Debt Security (included in Exhibit 4.3).
4.2.	-- Form of Floating Rate Note.
4.3.	-- Indenture dated as of December 1, 1989 between Boston Gas Company and The Bank of New York, as Trustee is incorporated herein by reference to the Registration Statement on Form S-3 of the Company (File No. 33-53858) filed on October 28, 1992.
4.4.	-- Agreement of Resignation, Appointment and Acceptance dated as of November 18, 1992 among Boston Gas Company, The Bank of New York, as Resigning Trustee, and The First National Bank of Boston, as Successor Trustee is incorporated herein by reference to the Registration Statement on Form S-3 of the Company (File No. 33-53858) filed on October 28, 1992.
5.1.	-- Opinion of Ropes & Gray.
5.2.	-- Opinion of J.L. Miller, Esq.
12.1	-- Statement re Computation of Ratio of Earnings to Fixed Charges.
23.1.	-- Consent of Arthur Andersen, LLP.
23.2.	-- The consent of Ropes & Gray is contained in Exhibit 5.1.
23.3.	-- The consent of J.L. Miller, Esq. is contained in Exhibit 5.2.
24.1.	-- Power of Attorney.
25.1.	-- Statement of Eligibility of Trustee on Form T-1.

</TABLE>

Item 17. Undertakings.

The undersigned Registrant hereby undertakes:

(1) To file during any period in which offers or sales are being made of the securities registered hereby a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

II-2

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that the undertakings set forth in paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered hereby, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

II-3

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, Commonwealth of Massachusetts, on the 13th day of June, 1995.

Boston Gas Company

By /s/ J.F. Bodanza

-----  
J.F. Bodanza  
Senior Vice President and  
Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on the 13th day of June, 1995.

<TABLE>  
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Signature  
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Title  
-----

<p>&lt;S&gt;</p> <p>/s/ C.R. Messer ----- C.R. Messer</p> <p>/s/ A.J. DiGiovanni ----- A.J. DiGiovanni</p> <p>/s/ J.F. Bodanza ----- J.F. Bodanza</p> <p>/s/ J.A. Ives ----- J.A. Ives</p> <p>/s/ R.R. Clayton ----- R.R. Clayton</p> <p>/s/ W.J. Flaherty ----- W.J. Flaherty</p>	<p>&lt;C&gt;</p> <p>President (Principal Executive Officer) and Director</p> <p>Senior Vice President and Director</p> <p>Senior Vice President, Treasurer (Principal Financial and Accounting Officer) and Director</p> <p>Director</p> <p>Director</p> <p>Director</p>
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</TABLE>

II-4

EXHIBIT INDEX

<TABLE>  
<CAPTION>

Exhibit No. -----	Description -----	Page -----
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4.2. --	Form of Floating Rate Note.	
4.3. --	Indenture dated as of December 1, 1989 between Boston Gas Company and The Bank of New York, as Trustee is incorporated herein by reference to the Registration Statement on Form S-3 of the Company (File No. 33-53858) filed on October 28, 1992.	
4.4. --	Agreement of Resignation, Appointment and Acceptance dated as of November 18, 1992 among Boston Gas Company, The Bank of New York, as Resigning Trustee, and The First National Bank of Boston, as Successor Trustee is incorporated herein by reference to the Registration Statement on Form S-3 of the Company (File No. 33-53858) filed on October 28, 1992.	
5.1. --	Opinion of Ropes & Gray.	
5.2. --	Opinion of J.L. Miller, Esq.	
12.1 --	Statement re Computation of Ratio of Earnings to Fixed Charges.	
23.1. --	Consent of Arthur Andersen, LLP.	
23.2. --	The consent of Ropes & Gray is contained in Exhibit 5.1.	
23.3. --	The consent of J.L. Miller, Esq. is contained in Exhibit 5.2.	
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25.1. --	Statement of Eligibility of Trustee on Form T-1.	

</TABLE>

\$100,000,000

BOSTON GAS COMPANY

Medium-Term Notes, Series C

AGENCY AGREEMENT

-----

July \_\_, 1995

Salomon Brothers Inc,  
Seven World Trade Center,  
New York, New York 10048.

Donaldson, Lufkin & Jenrette,  
Securities Corporation,  
140 Broadway,  
New York, New York 10005-1285.

J.P. Morgan Securities Inc.,  
60 Wall Street,  
New York, New York 10260-0060.

Dear Sirs:

1. Introduction. Boston Gas Company, a Massachusetts corporation (the "Issuer"), confirms its agreement with each of you with respect to the issue and sale from time to time by the Issuer of its medium-term notes registered under the registration statement referred to in Section 2(a) (any such medium-term notes being hereinafter referred to as the "Securities", which expression shall, if the context so admits, include any permanent global Security). Securities may be sold pursuant to Section 3 of this Agreement in an aggregate amount not to exceed the amount of Registered Securities (as defined in Section 2(a) hereof) registered pursuant to such registration statement reduced by the aggregate amount of any other Registered Securities sold otherwise than pursuant to Section 3 of this Agreement. The Securities will be issued under an indenture, dated as of December 1, 1989 between the Company and The Bank of New York, as Trustee (the "Original Trustee"). On October 18, 1992, the Issuer and the Original Trustee entered into an Agreement of Resignation, Appointment and

Acceptance (the "Agreement of Resignation and Appointment") with The First National Bank of Boston pursuant to which the Issuer appointed The First National Bank of Boston (the "Trustee"), as successor Trustee under the Indenture, and the Original Trustee assigned, and the Trustee accepted, all rights, powers, duties and trusts of the Original Trustee under the Indenture.

The Securities shall have the terms described in the Prospectus referred to in Section 2(a) as it may be amended or supplemented from time to time, including any supplement to the Prospectus that sets forth only the terms of a particular issue of Securities (a "Pricing Supplement"). Securities will be issued, and the terms thereof established, from time to time by the Issuer in accordance with the Indenture and the Procedures (as defined in Section 3(a) hereof). For purposes of this Agreement, the term "Agent" shall refer to any of you acting solely in the capacity as agent for the Issuer pursuant to Section 3(a) and not as principal (collectively, the "Agents"), the term "Purchaser" shall refer to one of you acting solely as principal pursuant to Section 3(b) and not as agent, and the term "you" shall refer to you collectively whether at any time any of you is acting in both such capacities or in either such capacity. In acting under this Agreement, in whatever capacity, each of you is acting individually and not jointly.

2. Representations and Warranties of the Issuer. The Issuer represents and warrants to, and agrees with, you as follows:

(a) A registration statement (No. 33-\_\_\_\_), including a prospectus, relating to debt securities of the Issuer, including the Securities ("Registered Securities"), has been filed with the Securities and Exchange Commission ("Commission") and has become effective under the Securities Act of 1933 ("Act"). Such registration statement, as amended as of the Closing Date (as defined in Section 3(c) hereof), is hereinafter referred to as the "Registration Statement", and the prospectus included in such Registration Statement, as supplemented as of the Closing Date, including all material incorporated by reference therein, is hereinafter referred to as the "Prospectus". Any reference in this Agreement to amending or supplementing the Prospectus shall be deemed to include the filing of materials incorporated by reference in the Prospectus after the Closing Date and any reference in this Agreement to any amendment or supplement to the Prospectus shall be deemed to include any such materials incorporated by reference in the Prospectus after the Closing Date.

(b) On the effective date of the registration statement relating to the Registered Securities, such registration statement conformed in all respects to the requirements of the Act, the Trust Indenture Act of 1939 ("Trust Indenture Act") and the rules and regulations of the Commission ("Rules and Regulations") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and on the Closing Date, the Registration Statement and the Prospectus, and at each of the times of acceptance and of delivery referred to in Section 6(a) hereof and at each of the times of amendment or supplementing referred to

and each such time being herein sometimes referred to as a "Representation Date"), the Registration Statement and the Prospectus as then amended or supplemented will conform in all respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and neither of such documents will include any untrue statement of a material fact or will omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to the Issuer by any Agent specifically for use therein.

3. Appointment as Agents; Agreement of Agents; Solicitations as Agents; Sales of Notes to a Purchaser.

(a) Subject to the terms and conditions stated herein, the Issuer hereby appoints each of the Agents as an agent of the Issuer for the purpose of soliciting or receiving offers to purchase the Securities from the Issuer by others. So long as this Agreement shall remain in effect with respect to any Agent, the Issuer shall not, without the consent of any such Agent, solicit or accept offers to purchase Securities otherwise than through one of the Agents (except as contemplated by Section 3(b) hereof); provided, however, that, subject to all of the terms and conditions of this Agreement and any agreement contemplated by Section 3(b) hereof, the foregoing shall not be construed to prevent the Issuer from selling at any time any Registered Securities in a firm commitment underwriting pursuant to an underwriting agreement that does not provide for a continuous offering of such Registered Securities.

On the basis of the representations and warranties contained herein, but subject to the terms and conditions herein set forth, each Agent agrees, as agent of the Issuer, to use reasonable efforts when requested by the Issuer to solicit offers to purchase the Securities upon the terms and conditions set forth in the Prospectus, as from time to time amended or supplemented.

Upon receipt of notice from the Issuer as contemplated by Section 4(b) hereof, each Agent shall suspend its solicitation of offers to purchase Securities until such time as the Issuer shall have furnished it with an amendment or supplement to the Registration Statement or the Prospectus, as the case may be, contemplated by Section 4(b) and shall have advised such Agent that such solicitation may be resumed.

The Issuer reserves the right, in its sole discretion, to suspend solicitation of offers to purchase the Securities commencing at any time for any period of time or permanently. Upon receipt of at least one Business Day's prior notice from the Issuer, the Agents will forthwith suspend solicitation of offers to purchase Securities from the Issuer until such time as the Issuer has advised the Agents that such solicitation may be resumed. For the purpose of

the foregoing sentence, "Business Day" shall mean any day that is not a Saturday or Sunday, and

-3-

that in The City of New York or the City of Boston is not a day on which banking institutions generally are authorized or obligated by law or executive order to close.

The Agents are authorized to solicit offers to purchase Securities as described in the Prospectus, as amended or supplemented, and only in a minimum aggregate amount of \$1,000 and only in fully registered form in denominations of \$1,000 (unless otherwise indicated in the applicable Pricing Supplement) and integral multiples of \$1,000 and at a purchase price which, unless otherwise specified in the applicable Pricing Supplement, shall be equal to 100% of the principal amount thereof. Each Agent shall communicate to the Issuer, orally or in writing, each reasonable offer to purchase Securities received by it as agent. The Issuer shall have the sole right to accept offers to purchase the Securities and may reject any such offer, in whole or in part. Each Agent shall have the right, in its discretion reasonably exercised, without notice to the Issuer, to reject any offer to purchase Securities received by it, in whole or in part, and any such rejection shall not be deemed a breach of its agreement contained herein.

No Security which the Issuer has agreed to sell pursuant to this Agreement shall be deemed to have been purchased and paid for, or sold by the Issuer, until such Security shall have been delivered to the purchaser thereof against payment by such purchaser.

At the time of delivery of, and payment for, any Securities sold by the Issuer as a result of a solicitation made by, or offer to purchase received by, an Agent, the Issuer agrees to pay such Agent a commission in accordance with the schedule set forth in Exhibit A hereto.

Administrative procedures respecting the sale of Securities (the "Procedures") shall be agreed upon from time to time by you and the Issuer. The initial Procedures, which are set forth in Exhibit B hereto, shall remain in effect until changed by agreement among the Issuer and you. Each of you and the Issuer agree to perform the respective duties and obligations specifically provided to be performed by them herein and in the Procedures. The Issuer will furnish to the Trustee a copy of the Procedures as from time to time in effect.

(b) Subject to the terms and conditions stated herein, whenever the Issuer and any of you determines that the Issuer shall sell Securities directly to any of you as principal, each such sale of Securities shall be made in accordance with the terms of this Agreement and a supplemental agreement relating to such sale. Each such supplemental agreement (which may be oral or written) is herein referred to as a "Purchase Agreement." Each Purchase Agreement shall describe the Securities to be purchased by the Purchaser pursuant thereto and shall specify the aggregate principal amount of such

Securities, the price to be paid to the Issuer for such Securities, the maturity date of such Securities, the rate at which interest will be paid on such

-4-

Securities, the dates on which interest will be paid on such Securities and the record date with respect to each such payment of interest, the delivery of the Securities and payment therefor, the method of payment and any requirements for the delivery of opinions of counsel, certificates from the Issuer or its officers or a letter from the Issuers independent public accountants as described in Section 6(b), (c) and (d). Any written Purchase Agreement may be in the form attached hereto as Exhibit C. The Purchaser's commitment to purchase Securities shall be deemed to have been made on the basis of the representations and warranties of the Issuer herein contained and shall be subject to the terms and conditions herein set forth.

The Issuer agrees that during the period, if any, specified (whether orally or in writing) in any Purchase Agreement, it will not offer or sell, or enter into any agreement to sell, any debt securities of the Issuer in the United States, other than sales of Securities, borrowings under the Issuer's revolving credit agreements and lines of credit, the private placement of securities and issuance of the Issuer's commercial paper.

Delivery of the certificates for Securities sold to the Purchaser pursuant to a Purchase Agreement shall be made not later than the closing date agreed to in such Purchase Agreement, against payment of funds to the Issuer in the net amount due to the Issuer for such Securities by the method and in the form set forth in the Procedures unless otherwise agreed to between the Issuer and the Purchaser in such Purchase Agreement.

Unless otherwise agreed to between the Issuer and the Purchaser in a Purchase Agreement, any Security sold to a Purchaser (i) shall be purchased by such Purchaser at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to an agency sale of a Security of identical maturity and (ii) may be resold by such Purchaser at varying prices from time to time or, if set forth in the applicable Purchase Agreement and Pricing Supplement, at a fixed public offering price. In connection with any resale of Securities purchased, a Purchaser may use a selling or dealing group and may reallow to any broker or dealer any portion of the discount or commission payable pursuant hereto.

(c) The documents required to be delivered by Section 5 hereof shall be delivered at the office of Ropes & Gray, One International Place, Boston, Massachusetts, not later than 10:00 A.M., New York City time, on the date of this Agreement or at such later time as may be mutually agreed by the Issuer and you, which in no event shall be later than the time at which you commence solicitation of purchases of Securities hereunder, such time and date being herein called the "Closing Date".

4. Certain Agreements of the Issuer. The Issuer agrees with you that

it will furnish to Sullivan & Cromwell, counsel for you,

-5-

one signed copy of the Registration Statement, including all exhibits, in the form it became effective and of all amendments thereto and that, in connection with each offering of Securities,

(a) If the Issuer proposes to amend or supplement the Registration Statement or the Prospectus at a Marketing Time (as defined in paragraph (b) below), the Issuer will afford each of you a reasonable opportunity to comment on any such proposed amendment or supplement (other than any Pricing Supplement that relates to Securities not purchased through or by such of you); and if such proposed amendment or supplement does not occur at a Marketing Time, the Issuer will provide copies of any such amendment or supplement to the Registration Statement or the Prospectus to you promptly after such amendment or supplement is filed with the Commission; and the Issuer will also advise each of you of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(b) If, at any time when (i) a prospectus relating to the Securities is required to be delivered under the Act and (ii) no suspension of solicitation of offers to purchase Securities pursuant to Section 3(a) or this Section 4(b) shall be in effect (any such time referred to in this clause (ii) and any time when any of you shall own any Securities with the intention of reselling them or the Issuer has accepted an offer to purchase Securities but the related settlement has not occurred being referred to herein as a "Marketing Time"), any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, the Issuer will promptly notify each of you to suspend solicitation of offers to purchase the Securities; and if the Issuer shall decide to amend or supplement the Registration Statement or the Prospectus, it will promptly advise each of you by telephone (with confirmation in writing) and, subject to the provisions of subsection (a) of this Section, will promptly prepare and file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Notwithstanding the foregoing, if, at the time any such event occurs or it becomes necessary to amend the Prospectus to comply with the Act, any of you shall own any of the Securities with the intention of reselling them, or the Issuer has accepted an offer to purchase Securities but the related settlement has not occurred, the Issuer, subject to the provisions of subsection (a) of this Section, will promptly

prepare and file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the consent by any of you to nor the delivery of any such amendment or supplement referred to in this subsection shall constitute a waiver of any of the conditions set forth in Section 5 hereof or of any of the Issuer's obligations set forth in Section 6 hereof.

(c) The Issuer will file promptly all documents required to be filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act"). In addition, on or prior to the date on which the Issuer makes any announcement to the general public concerning earnings or concerning any other event which is required to be described, or which the Issuer proposes to describe, in a document filed pursuant to the Exchange Act, the Issuer will furnish the information contained or to be contained in such announcement to each of you, confirmed in writing and, subject to the provisions of subsections (a) and (b) of this Section, will cause the Prospectus to be amended or supplemented to reflect the information contained in such announcement. The Issuer also will furnish each of you with copies of all press releases or announcements to the general public. The Issuer will immediately notify each of you of any downgrading in the rating of any debt securities of the Issuer or any proposal to downgrade the rating of any debt securities of the Issuer by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Issuer (other than an announcement with positive implications of a possible upgrading and no implication of a possible downgrading, of such rating), as soon as the Issuer learns of such downgrading or proposal to downgrade or public announcement.

(d) As soon as practicable, but no later than 16 months after the date of each acceptance by the Issuer of an offer to purchase Securities hereunder, the Issuer will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the later of (i) the effective date of the registration statement relating to the Registered Securities, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of such acceptance and (iii) the date of the Issuer's most recent Annual Report on Form 10-K filed with the Commission prior to the date of such acceptance, which will satisfy the provisions of Section 11(a) of the Act.

(e) The Issuer will furnish to each of you copies of the Registration Statement, including all exhibits, any related preliminary prospectus, any related preliminary prospectus

supplement, the Prospectus and all amendments and supplements to such documents (including any Pricing Supplement), in each case as soon as available and in such quantities as are reasonably requested.

(f) The Issuer will arrange for the qualification of the Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions as you designate and will continue such qualifications in effect so long as required for the distribution, provided that the Issuer shall not be required for this purpose to qualify to do business or consent to service of process in any jurisdiction otherwise than in connection with the offer and sale of the Securities.

(g) So long as any Securities are outstanding, the Issuer will furnish to you, (i) as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year, (ii) as soon as available, a copy of each report or definitive proxy statement of the Issuer filed with the Commission under the Exchange Act or mailed to stockholders, and (iii) from time to time, such other information concerning the Issuer as you may reasonably request.

(h) The Issuer will pay all expenses incident to the performance of its obligations under this Agreement and will reimburse each of you for any expenses (including fees and disbursements of counsel) incurred by such of you in connection with qualification of the Securities for sale and determination of their eligibility for investment under the laws of such jurisdictions as such of you may designate and the printing of memoranda relating thereto, for any fees charged by investment rating agencies for the rating of the Securities, for any filing fee of the National Association of Securities Dealers, Inc. relating to the Securities, for expenses incurred by each of you in distributing the Prospectus and all supplements thereto, any preliminary prospectuses and any preliminary prospectus supplements to such of you, for costs incurred by each of you in advertising any offering of Securities and for each of your reasonable expenses (including the reasonable fees and disbursements of counsel to you) incurred in connection with the establishment or maintenance of the program contemplated by this Agreement or otherwise in connection with the activities of you under this Agreement.

5. Conditions of Obligations. The obligation of each of you under this Agreement at any time to solicit offers to purchase the Securities is subject to the accuracy, on the date hereof, on each Representation Date and on the date of each such solicitation, of the representations and warranties of the Issuer herein, to the accuracy, on each such date, of the statements of the Issuer's officers made pursuant to the provisions hereof, to the performance, on or prior to each such

date, by the Issuer of its obligations hereunder, and to each of the following

additional conditions precedent:

(a) The Prospectus, as amended or supplemented as of any Representation Date or the date of such solicitation, as the case may be, shall have been filed with the Commission in accordance with the Rules and Regulations and no stop order suspending the effectiveness of the Registration Statement or of any part thereof shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Issuer or any of you, shall be contemplated by the Commission.

(b) Neither the Registration Statement nor the Prospectus, as amended or supplemented as of any Representation Date or date of such solicitation, as the case may be, shall contain any untrue statement of fact which, in the opinion of any of you, is material or omits to state a fact which, in the opinion of any of you, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) There shall not have occurred (i) any change, or any development involving a prospective change, in or affecting particularly the business or properties of the Issuer or its subsidiaries which, in the judgment of such of you, materially impairs the investment quality of the Securities; (ii) any downgrading in the rating of any debt securities of the Issuer by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Issuer (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any suspension or limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Issuer on any exchange or in the over-the-counter market; (iv) any banking moratorium declared by Federal or New York authorities; or (v) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of such of you, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with solicitations of purchases of, or sales of, Securities.

(d) At the Closing Date, you shall have received an opinion, dated the Closing Date, of Ropes & Gray, counsel for the Issuer, to the effect that:

-9-

(i) The Issuer is a corporation duly organized and validly existing under the laws of The Commonwealth of Massachusetts, with corporate power and authority to own its properties and conduct its business as described in the Prospectus;

(ii) The Indenture has been duly authorized, executed and delivered by the Issuer and has been duly qualified under the Trust Indenture Act and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) The Agreement of Resignation and Appointment has been duly authorized, executed and delivered by the Issuer and has been duly qualified under the Trust Indenture Act and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iv) Any series of Securities established on or prior to date of such opinion has been duly authorized and established in conformity with the Indenture, and, when the terms of a particular Security and of its issuance and sale have been duly authorized and established by all necessary corporate action in conformity with the Indenture, and such Security has been duly completed, executed, authenticated and issued in accordance with the Indenture and delivered against payment as contemplated by this Agreement, such Security will constitute a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles, it being understood that such counsel may (A) assume that at the time of the issuance, sale and delivery of each Security the authorization of such series will not have been modified or rescinded and there will not have occurred any change in law affecting the validity, legally binding character or enforceability of such Security and (B) assume that neither the issuance, sale and delivery of any Security, nor any of the terms of such Security, nor compliance by the Issuer with such terms, will violate any applicable law, any agreement or instrument then binding upon the Issuer or any

-10-

restriction imposed by any court or governmental body having jurisdiction over the Issuer;

(v) The Registration Statement has become effective under the Act, the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) under the Act specified in such opinion on the date specified therein, and, to the best of the knowledge of such

counsel, no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Act, and the registration statement relating to the Registered Securities, as of its effective date, the Registration Statement and the Prospectus, as of the Closing Date, and any amendment or supplement thereto, as of its date, complied as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the Rules and Regulations; such counsel has no reason to believe that such registration statement as of its effective date, the Registration Statement or the Prospectus, as of the Closing Date, or any such amendment or supplement, as of its date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and such counsel do not know of any legal or governmental proceedings required to be described in the Prospectus which are not described as required or of any contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement which are not described and filed as required; it being understood that such counsel need express no opinion as to the financial statements or other financial data contained in the Registration Statement or the Prospectus or as to any statements in or omissions from any such documents made in reliance upon and conformity with written information furnished to the Issuer by any Agent specifically for use therein, or as to any statements in or omissions from that part of the Registration Statement which constitutes the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee under the Indenture;

(vi) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by this Agreement in connection with the issuance and sale of the Securities by the Issuer, except such as have been obtained and made under the Act and the Trust Indenture Act and such as may be required under state

-11-

securities laws and Chapter 164 of the Massachusetts General Laws;

(vii) The execution, delivery and performance of the Indenture, the Agreement of Resignation and Appointment, this Agreement and the issuance and sale of the Securities, and compliance with the terms and provisions thereof, will not result in, to the best of our knowledge, a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or any court having jurisdiction over the Issuer or any such subsidiary or any of

their properties or any agreement or instrument to which the Issuer or any such subsidiary is a party or by which the Issuer or any such subsidiary is bound or to which any of the properties of the Issuer or any such subsidiary are subject, or the Restated Articles of Organization or By-laws of the Issuer or any such subsidiary and the Issuer has full power and authority to authorize, issue and sell the Securities as contemplated by this Agreement; and

(viii) This Agreement has been duly authorized, executed and delivered by the Issuer.

(e) You shall have received an opinion from J.L. Miller, General Counsel of the Issuer, dated the Closing Date, to the effect that:

(i) The descriptions in the Registration Statement and the Prospectus of statutes, legal and governmental proceedings and contracts and other documents are accurate and fairly present the information required to be shown; and such counsel does not know of any legal or governmental proceedings required to be described in the Prospectus which are not described as required or of any contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement which are not described and filed as required; it being understood that such counsel need express no opinion as to the financial statements or other financial data contained in the Registration Statement or the Prospectus or as to any statements in or omissions from any such documents made in reliance upon and conformity with written information furnished to the Issuer by any Agent specifically for use therein, or as to any statements in or omissions from that part of the Registration Statement which constitutes the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee under the Indenture;

-12-

(ii) The Massachusetts Department of Public Utilities (the "Department") has jurisdiction to approve the proposed issuance of the Securities by the Issuer, the rate or rates at which the Securities shall bear interest and the sale of the Securities pursuant to negotiated agency and purchase agreements without prior public invitation of proposals for the purchase thereof;

(iii) The Department has duly approved the issue of the Securities and has granted an exemption from the provisions of Sections 15 and 15A of Chapter 164 of the General Laws of Massachusetts to the extent necessary to authorize the sale of the Securities at less than or equal to the face amount thereof and pursuant to negotiated agency and purchase agreements, without prior invitation of proposals for the purchase thereof;

(iv) The decision of the Department approving the issuance and sale of the Securities is in full force and effect, and no suit, action or proceeding is pending or, to the knowledge of such counsel, threatened in which an appeal from said decision is being sought; and

(v) The statements of law and legal conclusions with respect to regulation by the Department and the description of the franchises, grants of location, permits and licenses under the caption "Business" incorporated by reference in the Registration Statement have been reviewed by such counsel and are correct.

(f) At the Closing Date, you shall have received a certificate, dated the Closing Date, of the President or any Vice President and a principal financial or accounting officer of the Issuer in which such officers, to the best of their knowledge after reasonable investigation, shall state that (i) the representations and warranties of the Issuer in this Agreement are true and correct, (ii) the Issuer has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, (iii) no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission, and (iv) subsequent to the date of the most recent financial statements in the Prospectus, there has been no material adverse change in the financial position or results of operations of the Issuer and its subsidiaries, except as set forth in or contemplated by the Prospectus or as described in such certificate.

(g) At the Closing Date, you shall have received a letter, dated the Closing Date, of Arthur Andersen LLP confirming that

-13-

they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating in effect that:

(i) In their opinion, the financial statements and schedules examined by them and included in the prospectus contained in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) They have made a review of the unaudited financial statements included in the Prospectus in accordance with standards established by the American Institute of Certified Public Accountants, as indicated in their report or reports attached to such letter;

(iii) On the basis of the review referred to in (ii) above and a reading of the latest available interim financial statements of the Issuer, inquiries of officials of the Issuer who have

responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements, if any, included in the Prospectus do not comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in the Prospectus;

(B) the unaudited capsule information, if any, included in the Prospectus does not agree with the amounts set forth in the unaudited consolidated financial statements from which it was derived or was not determined on a basis substantially consistent with that of the audited financial statements included in the Prospectus;

(C) at the date of the latest available consolidated balance sheet read by such accountants, or at a subsequent specified date not more than five days prior to the Closing Date, there was any change in the capital stock, any increase in short-term indebtedness or long-term debt of the Issuer or, at the date of the latest available consolidated balance sheet read by such accountants, there was any decrease in net current assets or stockholder's investment as

-14-

compared with amounts shown on the latest consolidated balance sheet included in the Prospectus; or

(D) for the period from the date of the latest consolidated income statement included in the Prospectus to the closing date of the latest available income statement read by such accountants, there were any decreases, as compared with the corresponding period of the previous year, in operating revenues, operating income, net income, or in the ratio of earnings to fixed charges;

except in all cases set forth in clauses (C) and (D) above for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(iv) They have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Issuer and its

subsidiaries subject to the internal controls of the Issuer's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

All financial statements and schedules included in material incorporated by reference into the Prospectus shall be deemed included in the Prospectus for purposes of this subsection.

(h) You shall have received from Sullivan & Cromwell, counsel for you, such opinion or opinions, dated the Closing Date, with respect to the incorporation of the Issuer, the validity of the Securities, the Registration Statement, the Prospectus and other related matters as they may require, and the Issuer shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion, Sullivan & Cromwell may rely as to the incorporation of the Issuer and all other matters governed by Massachusetts law upon the opinions of Ropes & Gray and J.L. Miller referred to above.

The Issuer will furnish you with such conformed copies of such opinions, certificates, letters and documents as they reasonably request.

-15-

6. Additional Covenants of the Issuer. The Issuer agrees that:

(a) Each acceptance by the Issuer of an offer for the purchase of Securities shall be deemed to be an affirmation that its representations and warranties contained in this Agreement are true and correct at the time of such acceptance and a covenant that such representations and warranties will be true and correct at the time of delivery to the purchaser of the Securities relating to such acceptance as though made at and as of each such time, it being understood that such representations and warranties shall relate to the Registration Statement and the Prospectus as amended or supplemented at each such time. Each such acceptance by the Issuer of an offer for the purchase of Securities shall be deemed to constitute an additional representation, warranty and agreement by the Issuer that, as of the date of delivery of such Securities to the Purchaser thereof, after giving effect to the issuance of such Securities, of any other Securities to be issued on or prior to such delivery date and of any other Registered Securities to be issued and sold by the Issuer on or prior to such date, the aggregate amount of Registered Securities (including any Securities) which have been issued and sold by the Issuer will not exceed the amount of Registered Securities registered pursuant to the Registration Statement.

(b) Each time that the Registration Statement or the Prospectus shall

be amended or supplemented (other than by a Pricing Supplement), the Issuer shall, (A) concurrently with such amendment or supplement, if such amendment or supplement shall occur at a Marketing Time, or (B) immediately at the next Marketing Time if such amendment or supplement shall not occur at a Marketing Time, furnish you with a certificate, dated the date of delivery thereof, which date is referred to herein as the "Representation Date", of the President or any Vice President and a principal financial or accounting officer of the Issuer, in form satisfactory to you, to the effect that the statements contained in the certificate covering the matters set forth in Section 5(f) hereof which was last furnished to you pursuant to this Section 6(b) are true and correct at the time of such amendment or supplement, as though made at and as of such time, or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in Section 5(f); provided, however, that any certificate furnished under this Section 6(b) shall relate to the Registration Statement and the Prospectus as amended or supplemented at the time of delivery of such certificate and, in the case of the matters set forth in clause (ii) of Section 5(f), to the time of delivery of such certificate.

(c) At each Representation Date referred to in Section 6(b), the Issuer shall (A) concurrently if such Representation Date shall occur at a Marketing Time, or

-16-

(B) immediately at the next Marketing Time if such Representation Date shall not occur at a Marketing Time, furnish you with written opinions, dated the date of such Representation Date, of counsel for the Issuer, in form satisfactory to you, to the effect set forth in Sections 5(d) and 5(e) hereof; provided, however, that to the extent appropriate such opinions may reconfirm matters set forth in prior opinions delivered under Sections 5(d) and 5(e) or this Section 6(c); provided, further, however, that any opinion or opinions furnished under this Section 6(c) shall relate to the Registration Statement and the Prospectus as amended or supplemented at such Representation Date and, in the case of an opinion reconfirming a prior opinion delivered under Section 5(d) hereof, shall state that the Securities sold in the relevant Applicable Period (as defined below) have been duly executed, authenticated, issued, delivered and constitute valid and legally binding obligations of the Issuer enforceable in accordance with their terms, subject only to the exceptions as to enforcement set forth in clause (iii) of Section 5(d) hereof as to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and general equity principles, and conform to the description thereof contained in the Prospectus as amended or supplemented at the relevant date or dates for the delivery of such Securities to the purchaser or purchasers thereof. For the purpose of this Section 6(c), "Applicable Period" shall mean with respect to any opinions delivered on a Representation Date the period commencing on the date of the most recent prior opinion delivered under Sections 5(d) and 5(e) or this Section 6(c) and ending on such

Representation Date.

(d) At each Representation Date referred to in Section 6(b) on which the Registration Statement or the Prospectus shall be amended or supplemented to include additional financial information, the Issuer shall cause Arthur Andersen LLP (A) concurrently if such Representation Date shall occur at a Marketing Time, or (B) immediately at the next Marketing Time if such Representation Date shall not occur at a Marketing Time, to furnish you with a letter, addressed jointly to the Issuer and you and dated the date of such Representation Date, in form and substance satisfactory to you, to the effect set forth in Section 5(g) hereof; provided, however, that to the extent appropriate such letter may reconfirm matters set forth in a prior letter delivered pursuant to Section 5(g) or this Section 6(d); provided, further, however, that any letter furnished under this Section 6(d) shall relate to the Registration Statement and the Prospectus as amended or supplemented at such Representation Date, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Issuer.

-17-

(e) On each date for the delivery of Securities to the purchaser thereof, the Issuer shall, if requested by any of you that solicited or received the offer to purchase any Securities being delivered on such date, furnish such of you with written opinions of counsel for the Issuer, dated the date of delivery thereof, in form satisfactory to such of you, to the effect set forth in clauses (i), (ii) and (iii) of Section 5(d) hereof and clauses (i), (ii), (iii) and (iv) of 5(e) hereof; provided, however, that any opinion furnished under this Section 6(e) shall relate to the Prospectus as amended or supplemented at such delivery date and, in the case of an opinion to the effect set forth in clause (iii) of Section 5(d) hereof, shall state that the Securities being sold by the Issuer on such delivery date, when delivered against payment therefor as contemplated by this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Issuer enforceable in accordance with their terms, subject only to the exceptions as to enforcement set forth in clause (iii) of Section 5(d) hereof as to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and general equity principles, and will conform to the description thereof contained in the Prospectus as amended or supplemented at such date.

(f) The Issuer agrees that any obligation of a person who has agreed to purchase Securities (including, but not limited to, any of you purchasing any Securities as principal pursuant to a Purchase Agreement) to make payment for and take delivery of such Securities shall be subject to (i) the accuracy, on the related delivery date fixed pursuant to the Procedures, of the Issuer's representation and warranty deemed to be made

to you pursuant to the last sentence of subsection (a) of this Section 6, and (ii) the satisfaction, on such date, of each of the conditions set forth in Sections 5(a), (b) and (c), it being understood that under no circumstances shall any of you have any duty or obligation to exercise the judgment permitted under Section 5(b) or (c) on behalf of any such person.

#### 7. Indemnification and Contribution.

(a) The Issuer will indemnify and hold harmless each of you against any losses, claims, damages or liabilities, joint or several, to which such of you may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the

-18-

statements therein not misleading, and will reimburse each of you for any legal or other expenses reasonably incurred by such of you in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Issuer will not be liable to such of you in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to the Issuer by such of you specifically for use therein, unless such loss, claim, damage or liability arises out of the offer or sale of Securities occurring after you have notified the Issuer in writing that such information should no longer be used therein.

(b) Each of you will indemnify and hold harmless the Issuer against any losses, claims, damages or liabilities to which the Issuer may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Issuer by such of you specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Issuer in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, unless such loss, claim, damage or liability arises out of the offer or sale of

Securities occurring after you have notified the Issuer in writing that such information should no longer be used therein.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to

-19-

such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation.

(d) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and any of you on the other from the offering pursuant to this Agreement of the Securities which are the subject of the action or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer on the one hand and any of you on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and any of you on the other shall be deemed to be in the same proportions as the total net proceeds from the offering pursuant to this Agreement of the Securities which are the subject of the action (before deducting expenses) received by the Issuer bear to the total commissions received by such of you from the offering of such Securities pursuant to this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or such of you and the parties' relative intent, knowledge, access to information and opportunity

to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), you shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities which are the subject of the action and which were distributed to the public through it pursuant to this Agreement or upon resale of Securities purchased by it from the Issuer exceeds the amount of any damages which such of you has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of each of you in this subsection (d) to contribute are several, in the same proportion which the amount of the Securities which

-20-

are the subject of the action and which were distributed to the public through such of you pursuant to this Agreement bears to the total amount of such Securities distributed to the public through each of you pursuant to this Agreement, and not joint.

(e) The obligations of the Issuer under this Section 7 shall be in addition to any liability which the Issuer may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls each of you within the meaning of the Act; and the obligations of each of you under this Section 7 shall be in addition to any liability which each of you may otherwise have and shall extend, upon the same terms and conditions, to each director of the Issuer, to each officer of the Issuer who has signed the Registration Statement and to each person, if any, who controls the Issuer within the meaning of the Act.

8. Status of Each of You. In soliciting offers to purchase the Securities from the Issuer pursuant to this Agreement and in assuming its other obligations hereunder (other than offers to purchase pursuant to Section 3(b)), each of you is acting individually and not jointly and is acting solely as agent for the Issuer and not as principal. Each of you will make reasonable efforts to assist the Issuer in obtaining performance by each purchaser whose offer to purchase Securities from the Issuer has been solicited by such of you and accepted by the Issuer, but such of you shall have no liability to the Issuer in the event any such purchase is not consummated for any reason. If the Issuer shall default on its obligations to deliver Securities to a purchaser whose offer it has accepted, the Issuer (i) shall hold you harmless against any loss, claim or damage arising from or as a result of such default by the Issuer, and (ii) in particular, shall pay to you any commission to which they would be entitled in connection with such sale.

9. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Issuer or its officers and of you set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any of you, the Issuer or any of their respective representatives, officers or directors or any controlling person and will survive delivery of and payment for the Securities. If this Agreement is terminated pursuant to Section 10 or for any other reason, the Issuer shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4(h) and the obligations of the Issuer under Sections 4(d) and 4(g) and the respective obligations of the Issuer and you pursuant to Section 7 shall remain in effect. In addition, if any such termination shall occur either (i) at a time when any of you shall own any of the Securities with the intention of reselling them or (ii) after the Issuer has accepted an offer to purchase Securities and prior to the related settlement, the obligations of the Issuer under the last sentence of Section 4(b), under Sections 4(a),

-21-

4(c), 4(e) and 4(f) and, in the case of a termination occurring as described in (ii) above, under Sections 3(a), 6(a), 6(e) and 6(f) under the last sentence of Section 8, shall also remain in effect.

10. Termination. This Agreement may be terminated for any reason at any time by the Issuer as to any of you or, in the case of any of you, by such of you insofar as this Agreement relates to such of you, upon the giving of one day's written notice of such termination to the other parties hereto. Any settlement with respect to Securities placed by any of you occurring after termination of this Agreement shall be made in accordance with the Procedures and each of you agrees, if requested by the Issuer, to take the steps therein provided to be taken by such of you in connection with such settlement.

11. Notices. Except as otherwise provided herein, all notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to Salomon Brothers Inc shall be directed to it at Seven World Trade Center, 31st Floor, New York, New York 10048, Attention: Medium-Term Notes; notices to Donaldson, Lufkin & Jenrette Securities Corporation shall be directed to it at 140 Broadway, New York, New York 10005, Attention: Carlos Sanchez; notices to J.P. Morgan Securities Inc. shall be directed to it at 60 Wall Street, New York, New York 10260, Attention: Medium-Term Trading Desk; and notices to the Issuer shall be directed to it at One Beacon Street, Boston, Massachusetts 02108, Attention: Treasurer and to Eastern Enterprises, 9 Riverside Road, Weston, Massachusetts 02193, Attention: Treasurer; or in the case of any party hereto, to such other address or person as such party shall specify to each other party by a notice given in accordance with the provisions of this Section 11. Any such notice shall take effect at the time of receipt.

12. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto, their respective successors, the officers and directors and controlling persons referred to in Section 7 and, to the extent provided in Section 6(f), any person who has agreed to purchase Securities from the Issuer, and no other person will have any right or obligation hereunder.

13. Governing Law; Counterparts. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such executed counterparts shall together constitute one and the same Agreement.

-22-

If the foregoing correctly sets forth our agreement, please indicate your acceptance hereof in the space provided for that purpose below.

Very truly yours,

BOSTON GAS COMPANY

By: \_\_\_\_\_  
Name:  
Title:

CONFIRMED AND ACCEPTED, as of the  
date first above written:

SALOMON BROTHERS INC

By: \_\_\_\_\_  
Name:  
Title:

DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

The Issuer agrees to pay each of you a commission equal to the following percentage of the principal amount of Securities sold to purchasers solicited by such of you:

<TABLE>

<CAPTION>

Term -----	Commission Rate (as a percentage of principal amount) -----
<S>	<C>
9 months to less than 12 months	.125%
12 months to less than 18 months	.150
18 months to less than 24 months	.200
24 months to less than 30 months	.250
30 months to less than 3 years	.300
3 years to less than 4 years	.350
4 years to less than 5 years	.450
5 years to less than 7 years	.500
7 years to less than 10 years	.550
10 years to less than 20 years	.600
20 years to less than 30 years	.725
30 years	.750
Greater than 30 years	Negotiated at

&lt;/TABLE&gt;

EXHIBIT B

ADMINISTRATIVE PROCEDURES  
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The Medium-Term Notes (the "Notes") are to be offered on a continuing basis by Boston Gas Company (the "Issuer"). Salomon Brothers Inc, Donaldson, Lufkin & Jenrette Securities Corporation and J.P. Morgan Securities Inc., as agents (individually, an "Agent" and collectively, the "Agents"), have each agreed to use reasonable efforts to solicit offers to purchase the Notes. None of the Agents will be obligated to purchase Notes for its own account. The Notes are being sold pursuant to an Agency Agreement, dated July \_\_, 1995 (the "Agency Agreement"), among the Issuer and the Agents, and will be issued pursuant to the Indenture referred to in the Agency Agreement (the "Indenture"), between the Issuer and The First National Bank of Boston, as trustee (the "Trustee"). The Notes will rank equally and ratably with all other unsecured and unsubordinated indebtedness of the Issuer and will have been registered with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended. For a description of the terms of the Notes and the offering and sale thereof, see the sections entitled "Description of Notes" and "Plan of Distribution of Notes" in the Prospectus Supplement relating to the Notes, dated July \_\_, 1995, attached hereto and hereinafter referred to as the "Prospectus Supplement", and the sections entitled "Description of Debt Securities" and "Plan of Distribution" in the Prospectus relating to the Notes, dated June \_\_, 1995, attached hereto and hereinafter referred to as the "Prospectus".

The Notes will be represented by either book-entry notes delivered to The Depository Trust Company ("DTC") or its nominee and recorded in the book-entry system maintained by DTC ("Book-Entry Notes") or by certificates delivered to the Holders thereof or a Persons designated by such Holders ("Certificated Notes"). Owners of Book-Entry Notes will not be entitled to receive a certificate representing such Notes.

Administrative procedures and specific terms of the offering are explained below -- Part I indicating specific procedures for Certificated Notes, Part II indicating specific procedures for Book-Entry Notes, and Part III indicating procedures applicable to all Notes. Administrative and record keeping responsibilities will be handled for the Issuer by its Treasury Department. The Issuer will advise the Agents in writing of those persons handling administrative responsibilities with whom the Agents are to communicate regarding offers to purchase Notes and the details of their delivery.

Unless otherwise defined herein, terms defined in the Indenture (or any applicable Board Resolution referred to therein related to the Notes) shall be used herein as therein defined.

PART I: ADMINISTRATIVE PROCEDURES FOR CERTIFICATED NOTES

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Issue Date  
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Each Certificated Note will be dated the date of its authentication. Each Certificated Note will also bear an original issue date (the "Issue Date") which, with respect to any such Note (or portion thereof), shall mean the date of its original issuance and shall be specified therein. The Issue Date will remain the same for all Notes subsequently issued upon transfer, exchange or substitution of a Certificated Note, regardless of their dates of authentication.

Price to Public; Denominations; Registration  
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Except as otherwise specified in a Pricing Supplement, each Certificated Note will be issued at 100% of principal amount. The denominations of the Certificated Notes will be \$1,000 and any larger denomination which is an integral multiple of \$1,000 (unless otherwise specified in a Pricing Supplement). Certificated Notes will be issued only in fully registered form.

Interest Payments  
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Each Certificated Note will bear interest from the later of its Issue Date or the most recent interest payment date to which interest has been paid at the annual rate stated on the face thereof, payable on the Interest Payment Dates (described below) and at Maturity, except as may otherwise be provided in such Note. Interest will be payable to the person in whose name the Certificated Note is registered at the close of business on the Regular Record Date (described below) next preceding the Interest Payment Date; provided, however, that interest payable at Maturity or redemption will be payable to the person to whom principal shall be payable. All interest payments (excluding interest payments made at Maturity or redemption) will be made by check mailed to the person entitled thereto as provided above, except that interest payments may be made by wire transfer to the person entitled thereto as provided above if arrangements satisfactory to the Issuer, the Trustee and such person have been made.

On the fifth Business Day (as hereinafter defined) immediately preceding each Interest Payment Date, the Trustee will furnish the Issuer with the total amount of the interest payments to be made on such Interest Payment Date. The Trustee will provide monthly to the Issuer's Treasury Department a list of the principal and interest to be paid on Certificated Notes maturing in the next succeeding month. The Trustee will assume responsibility for withholding taxes on interest paid as required by law to the extent Holders have not produced a taxpayer identification number ("TIN").

Redemption

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Each Certificated Note will provide either that it cannot be redeemed prior to Maturity or that it will be redeemable at the option of the Issuer on or after a specified date prior to Maturity at prices specified therein.

Payment at Maturity or Redemption

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Upon presentation of each Certificated Note at Maturity or redemption, the Trustee (or a duly authorized Paying Agent) will pay the principal amount thereof, together with any premium and accrued interest due at Maturity or redemption. Such payment will be made in immediately available funds, provided that the Certificated Note is presented in time for the Trustee (or any such Paying Agent) to make payment in such funds in accordance with its normal procedures. The Issuer will provide the Trustee (and any such Paying Agent) with funds available for immediate use for such purpose. Certificated Notes presented at Maturity or redemption will be cancelled by the Trustee as provided in the Indenture.

Determination of Settlement Date

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The receipt of immediately available funds by the Issuer in payment for a Certificated Note and the authentication and issuance of such Note shall, with respect to such Note, constitute "settlement." All offers accepted by the Issuer will be settled on the third Business Day next succeeding the date of acceptance unless otherwise agreed by any purchaser and the Issuer. The settlement date shall be specified upon acceptance of an offer. Prior to 11:00 a.m., New York City time, on the settlement date, the Issuer will instruct the Trustee to authenticate and deliver the Certificated Notes no later than 2:15 p.m., New York City time, on that date.

Details for Settlement

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For each offer for Certificated Notes accepted by the Issuer, the Agent who presented such offer (the "Presenting Agent") will communicate to the Issuer's Treasury Department and the Trustee, prior to 3:00 p.m., New York City time, on the Business Day preceding the settlement date, by facsimile transmission or other acceptable means, the following information (the "Purchase Information"):

1. Exact name in which the Certificated Note or Notes are to be registered ("registered owner").

2. Exact address of registered owner and, if different, the address for delivery, notices and payment of principal, premium and interest.
3. TIN of registered owner.
4. Principal amount of each Certificated Note in authorized denominations to be delivered to the registered owner.
5. In the case of Fixed Rate notes, the interest rate of each such Note; in the case of Floating Rate Notes, the interest rate formula, the spread or spread multiplier (if any), the maximum or minimum interest rate limitation (if any), the calculation agent, the calculation dates, the initial interest rate, the interest payment dates, the regular record dates, the index maturity, the interest determination dates and the interest reset dates, in each case, to the extent applicable with respect to each Note.
6. Stated Maturity of each Certificated Note.
7. Redemption provisions, if any, of each Certificated Note.
8. If an Original Issue Discount Note, the yield to Maturity and the initial accrual period of original issue discount.
9. Issue Date of each Certificated Note.
10. Settlement date for each Certificated Note.
11. Presenting Agent's Commission (to be paid in the form of a discount from the proceeds remitted to the Issuer upon settlement).
12. Delivery address for each Certificated Note.
13. Trade date of each Certificated Note.
14. Price.
15. Any additional applicable terms of each Certificated Note.

The Issue Date of, and the settlement date for, Certificated Notes will be the same. Before accepting any offer to purchase Certificated Notes to be settled in less than three Business Days, the Issuer will verify that the Trustee will have adequate time to prepare and authenticate the Certificated Notes.

Immediately after receiving the details for each offer from the Presenting Agent, the Issuer will, after recording the details and any necessary calculations, communicate the Purchase Information by telephone, facsimile transmission or other acceptable means, to the Trustee. Prior to preparing the

Notes for delivery, the Trustee will confirm the Purchase Information by telephone with the Issuer. The Trustee will assign to and enter on each Certificated Note a transaction number.

Confirmation

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For each accepted offer, the Presenting Agent will issue a confirmation to the purchaser, with a copy to the Issuer's Treasury Department, setting forth the Purchase Information and delivery and payment instructions; provided, however, that, in the case of the confirmation issued to the purchaser, no confirmation shall be delivered to the purchaser prior to the delivery of the Prospectus referred to in Part III.

Settlement; Note Deliveries and Cash Payment

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The Issuer will deliver to the Trustee at the commencement of the program and from time to time thereafter a supply of duly executed Certificated Notes with pre-printed serial numbers adequate to implement the program. All such Certificated Notes will be identical except as to denomination. Upon the receipt of appropriate documentation and instructions from the Issuer in accordance with the applicable Company Order and verification thereof, the Trustee will cause the Certificated Notes to be completed and authenticated and hold the Certificated Notes for delivery against payment.

The Trustee will deliver the Certificated Notes in accordance with instructions from the Issuer, to the Presenting Agent, as the Issuer's agent, for the benefit of the purchaser only against receipt. The Presenting Agent will acknowledge receipt of the Certificated Notes through a broker's receipt. Delivery of the Certificated Notes by the Trustee will be made only against such acknowledgement of receipt from the Presenting Agent. Upon the Presenting Agent's determination that such Certificated Note has been authenticated, delivered and completed as aforesaid, the Presenting Agent will make, or cause to be made, payment to the Issuer at such account of the Issuer as it may specify in writing, in immediately available funds, of an amount equal to the principal amount of such Certificated Notes, less the applicable commission. If the Presenting Agent in any instance advances its own funds, the Issuer shall not use any of the proceeds of such sale to acquire securities.

The Presenting Agent, as the Issuer's agent, will deliver the Certificated Notes (with the written confirmation provided for above) to the purchaser thereof against payment therefor by such purchaser. Delivery of any confirmation or Certificated Note will be made in compliance with "Delivery of Prospectus" in Part III.

Fails

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In the event that a purchaser shall fail to accept delivery of and make payment for a Certificated Note on the settlement date, the Presenting Agent will notify the Trustee and the Issuer by telephone, confirmed in writing. If such Certificated Note has been delivered to the Presenting Agent, as the Issuer's agent, the Presenting Agent will

return such Certificated Note to the Trustee. If funds have been advanced by the Presenting Agent for the purchase of such Certificated Note, the Trustee will, immediately upon receipt of such Certificated Note, debit the account of the Issuer for the amount so advanced and the Issuer will refund the payment previously made by the Presenting Agent in immediately available funds. Such payment will be made on the settlement date, if possible, and in any event not later than the Business Day following the settlement date. If such fail shall have occurred for any reason other than the failure of the Presenting Agent to provide the Purchase Information to the Trustee and the Issuer or to provide a confirmation to the purchaser, the Issuer will reimburse the Presenting Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Issuer.

Immediately upon receipt of the Certificated Note in respect of which the fail occurred, the Trustee will cause the Security Registrar to make appropriate entries to reflect the fact that the Certificated Note was never issued and the Certificated Note will be cancelled and disposed of as provided in the Indenture.

## PART II: ADMINISTRATIVE PROCEDURES FOR BOOK-ENTRY NOTES

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In connection with the qualification of the Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its obligations under a Letter of Representation (the "Letter") from the Issuer and the Trustee to DTC dated as of the date hereof, and a Medium-Term Note Certificate Agreement between the Trustee and DTC dated as of April 15, 1991, and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SDFS").

### Issuance

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All Book-Entry Notes having the same Issue Date, interest rate, Stated Maturity and redemption terms, if any, will be represented initially by a single depository note (a "Global Note") in fully registered form without coupons. Each Global Note will be dated and issued as of the date of its authentication by the Trustee. Each Global Note will bear an "Original Issue Date", which will be (i) with respect to an original Global Note (or any portion thereof), its Issue Date, and (ii) following a consolidation of Global Notes, the most recent Interest Payment Date to which interest has been paid or duly provided for on the predecessor Global Notes, regardless of the date of authentication of such

subsequently issued Global Note. No Global Note will represent any Certificated Note.

#### Identification Numbers

- - - - -

The Issuer has arranged with the CUSIP Service Bureau of Standard & Poor's Corporation (the "CUSIP Service Bureau") for the

reservation of a series of CUSIP numbers (including tranche numbers), such series consisting of approximately 900 CUSIP numbers and relating to Global Notes representing Book-Entry Notes. The Issuer has obtained from the CUSIP Service Bureau a written list of such reserved CUSIP numbers and has delivered it to the Trustee and DTC. The Trustee will assign CUSIP numbers serially to Global Notes as described below under Settlement Procedure "C". DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Trustee has assigned to Global Notes. The Trustee will notify the Issuer at any time when fewer than 100 of the reserved CUSIP numbers remain unassigned to Global Notes; and the Issuer will reserve an additional 900 CUSIP numbers for assignment to Global Notes representing Book-Entry Notes. Upon obtaining such additional CUSIP numbers, the Issuer shall deliver a list of such additional CUSIP numbers to the Trustee and DTC.

#### Registration

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Each Global Note will be registered in the name of Cede & Co., as nominee for DTC, on the Security Register maintained under the Indenture. The beneficial owner of a Book-Entry Note (or one or more indirect participants in DTC designated by such owner) will designate one or more participants in DTC (with respect to such Note, the "Participants") to act as agent or agents for such owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such Note in the account of such Participants. The ownership interest of such beneficial owner in such Note will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

#### Transfers

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Transfers of a Book-Entry Note will be accomplished by book entries made by DTC and, in turn, by Participants (and, in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Note.

#### Exchanges

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The Trustee may deliver to DTC and the CUSIP Service Bureau at any time a written notice of consolidation (a copy of which shall be attached to the Global Note resulting from such consolidation) specifying (i) the CUSIP numbers of two or more outstanding Global Notes that represent Book-Entry Notes having the same interest rate and Stated Maturity, and for which interest has been paid to the same date, (ii) a date, occurring at least thirty days after such written notice is delivered and at least thirty days before the next Interest Payment Date for such Notes, on which such Global Notes shall be exchanged for a single replacement Global Note and (iii) a new CUSIP number to be assigned to such replacement Global Note. Upon receipt of such a

notice, DTC will send to its Participants (including the Trustee) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Trustee will deliver to the CUSIP Service Bureau a written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Notes to be exchanged will no longer be valid. On the specified exchange date, the Trustee will exchange such Global Notes for a single Global Note bearing the new CUSIP number and a new Original Issue Date and the CUSIP numbers of the exchanged Global Notes will, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned.

#### Redemption

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The Trustee will comply with the terms of the Letter with regard to redemptions of the Book-Entry Notes. If a Global Note is to be redeemed in part, the Trustee will cancel such Global Note and issue a Global Note which shall represent the remaining portion of such Global Note and shall bear the CUSIP number of the cancelled Global Note.

#### Denominations

- - - - -

The denominations of the Book-Entry Notes will be \$1,000 or any larger denomination which is an integral multiple of \$1,000. Global Notes will be denominated in principal amounts not in excess of \$200,000,000 (unless otherwise specified in a Pricing Supplement).

#### Interest

- - - - -

Each Book-Entry Note will bear interest from the most recent date to which interest has been paid or made available for payment on the Global Note representing such Book-Entry Note or, if no interest has been paid or made available for payment, from the Issue Date of the Global Note representing such Note, until the principal thereof is paid or made available for payment. Interest payable at the maturity of a Book-Entry Note will be payable to the Person to whom the principal of such Note is payable. Standard & Poor's

Corporation will use the information received in the pending deposit message described under Settlement Procedure "C" to include the amount of any interest payable and certain other information regarding the related Global Note in the appropriate daily bond report published by Standard & Poor's Corporation.

#### Notice of Interest Payment Dates and Regular Record Dates

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To the extent then known, on the first Business Day of March, June, September and December of each year, the Trustee will deliver to the Issuer and DTC a written list of Record Dates and Interest Payment Dates that will occur with respect to Floating Rate Book-Entry Notes during the six-month period beginning on such first Business Day.

#### Payments of Principal and Interest

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(a) Payments of Interest Only. Promptly after each Regular Record Date, the Trustee will deliver to the Issuer and DTC a written notice specifying by CUSIP number the amount of interest to be paid on each Global Note on the following Interest Payment Date (other than an Interest Payment Date coinciding with Maturity) and the total of such amounts. The Issuer will confirm with the Trustee the amount payable on each Global Note on such Interest Payment Date. DTC will confirm the amount payable on each Global Note on such Interest Payment Date by reference to the daily bond reports published by Standard & Poor's Corporation. The Issuer will pay to the Trustee the total amount of interest due on such Interest Payment Date (other than at Maturity), and the Trustee will pay such amount to DTC at the times and in the manner set forth below under "Manner of Payment". If any Interest Payment Date for a Book-Entry Note is not a Business Day, the payment due on such day shall be made on the next succeeding Business Day and no interest shall accrue on such payment for the period from and after such Interest Payment Date.

(b) Payments at Maturity. Promptly after each Record Date for an issue of Notes, the Trustee will deliver to the Issuer and DTC a written list of principal and interest to be paid on each Global Note maturing in the following month. The Issuer, the Trustee and DTC will confirm the amounts of such principal and interest payments with respect to each such Global Note on or about the fifth Business Day preceding the Maturity of such Global Note. The Issuer will pay to the Trustee, as the paying agent, the principal amount of such Global Note, together with interest due at such Maturity. Upon surrender of a Global Note, the Trustee will pay such amounts to DTC at the times and in the manner set forth below under "Manner of Payment". If any Maturity of a Global Note representing Book-Entry Notes is not a Business Day, the payment due on such day shall be made on the next succeeding Business Day and no interest shall accrue on such payment for the period from and after such Maturity. Promptly after payment to DTC of the principal and interest due at the Maturity of such Global Note, the Trustee will cancel such Global Note and return such Global Note to the Issuer in accordance with the terms of the Indenture.

(c) Manner of Payment. The total amount of any principal and interest due on Global Notes on any Interest Payment Date or at

Maturity shall be paid by the Issuer to the Trustee in funds available for use by the Trustee as of 9:30 a.m., New York City time, or as soon as practicable thereafter on such date. The Issuer will make such payment on such Global Notes by wire transfer to the Trustee. The Issuer will confirm instructions regarding payment in writing to the Trustee. Prior to 10:00 a.m., New York City time, on each maturity date or as soon as possible thereafter, following receipt of such funds from the Issuer, the Trustee will pay by separate wire transfer (using Fedwire message entry instructions in a form previously specified by DTC) to an account at the Federal Reserve Bank of New York previously specified by DTC, in funds available for immediate use by DTC, each payment of principal (together with interest thereon) due on Global Notes on any maturity date. On each Interest Payment Date, interest payment shall be made to DTC in same day funds in accordance with existing arrangements between the Trustee and DTC. Thereafter, on each such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names the Book-Entry Notes represented by such Global Notes are recorded in the book-entry system maintained by DTC. NEITHER THE ISSUER NOR THE TRUSTEE SHALL HAVE ANY DIRECT RESPONSIBILITY OR LIABILITY FOR THE PAYMENT BY DTC TO SUCH PARTICIPANTS OF THE PRINCIPAL OF AND ANY PREMIUM AND INTEREST ON THE BOOK-ENTRY NOTES.

(d) Withholding Taxes. The amount of any taxes required under applicable law to be withheld from any interest payment on a Book-Entry Note will be determined and withheld by the Participant, indirect participant in DTC or other person responsible for forwarding payments and materials directly to the beneficial owner of such Note.

#### Settlement

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The receipt by the Issuer of immediately available funds in payment for a Book-Entry Note and the authentication and issuance of the Global Note or Global Notes representing such Note shall constitute "settlement" with respect to such Note. All orders accepted by the Issuer will be settled from one to three Business Days from the date of the sale pursuant to the timetable for settlement set forth below unless the Issuer and the purchaser agree to settlement on a later date.

#### Settlement Procedures

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Settlement Procedures with regard to each Book-Entry Note sold by the Issuer through an Agent shall be as follows:

- A. Such Agent will advise the Issuer by telephone of the following settlement information:
1. Registered owner.
  2. Address of registered owner and, if different, the address for delivery, notices and payment of principal and interest.
  3. TIN of registered owner.
  4. Principal amount.
  5. Stated Maturity.
  6. In the case of Fixed Rate notes, the interest rate of each such Note; in the case of Floating Rate Notes, the interest rate formula, the spread or spread multiplier (if any), the maximum or minimum interest rate limitation (if any), the calculation agent, the calculation dates, the initial interest rate, the interest payment dates, the regular record dates, the index maturity, the interest determination dates and the interest reset dates, in each case, to the extent applicable with respect to each Note.
  7. Redemption provisions, if any.
  8. If an Original Issue Discount Note, the yield to Maturity and the initial accrual period of original issue discount.
  9. Settlement date (Issue Date).
  10. Agent's commission (expressed as a percentage).
  11. Trade date.
  12. Price.
  13. Any additional applicable terms.
- B. The Issuer will advise the Trustee by telecopy or by another mutually acceptable method of the settlement information set forth in Settlement Procedure "A" above and the name of the applicable Agent.
- C. The Trustee will assign a CUSIP number to the Global Note representing such Book-Entry Note and will telephone the Issuer

and advise the Issuer of such CUSIP number. The Trustee will enter a pending deposit message through DTC's Participant Terminal System, providing the following settlement information to DTC (which shall route such information to Standard & Poor's Corporation) and the relevant Agent.

1. The applicable information set forth in Settlement Procedure "A".
  2. Initial Interest Payment Date for such Note, number of days by which such date succeeds the Regular Record Date and the amount of interest payable on such Interest Payment Date per \$1,000 principal amount of Book-Entry Notes.
  3. CUSIP number of the Global Note representing such Note.
  4. Whether such Global Note will represent any other Book-Entry Note (to the extent known at such time).
  5. Interest payment periods.
  6. Numbers of the participant accounts maintained by DTC on behalf of the Trustee and the Agents.
- D. The Issuer will deliver to the Trustee a Global Note representing such Note.
- E. The Trustee will complete and authenticate the Global Note representing such Note.
- F. DTC will credit such Note to the Trustee's participant account at DTC.
- G. The Trustee will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC to (i) debit such Note to the Trustee's participant account and credit such Note to such Agent's participant account and (ii) debit such Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Note less such Agent's commission. The entry of such a deliver order shall constitute a representation and warranty by the Trustee to DTC that (i) the Global Note representing such Note has been executed, delivered and authenticated and (ii) the Trustee is holding such Global Note pursuant to the Medium-Term Note Certificate Agreement between the Trustee and DTC.
- H. Such Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Note to such Agent's participant account and credit such Note to the participant accounts of the Participants with respect to such Note and (ii) to debit the settlement accounts of such Participants and
- credit the settlement account of such Agent for an amount equal to the price of such Note.
- I. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "G" and "H" will be settled in accordance with SDFS operating procedures in effect on the settlement date.

- J. The Trustee, upon confirming receipt of such funds, will wire transfer the amount transferred to the Trustee in accordance with Settlement Procedure "G", in funds available for immediate use, for the account of Boston Gas Company Financing Proceeds", to account no. 532-65575 at The First National Bank of Boston, Boston, Massachusetts, (ABA No. 011-000-390).
- K. Such Agent will confirm the purchase of such Note to the purchaser either by transmitting to the Participants with respect to such Note a confirmation order or orders through DTC's institutional delivery system or by mailing a written confirmation to such purchaser.

Settlement Procedures Timetable

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For orders of Book-Entry Notes solicited by an Agent, and accepted by the Issuer for settlement on the first Business Day after the sale date, Settlement Procedures "A" through "K" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Settlement Procedure	Time
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A	11:00 a.m. on the sale date
B	12:00 Noon on the sale date
C	2:00 p.m. on the sale date
D	3:00 p.m. on the day before settlement date
E	9:00 a.m. on settlement date
F	10:00 a.m. on settlement date
G-H	2:00 p.m. on settlement date
I	4:45 p.m. on settlement date
J-K	5:00 p.m. on settlement date

If a sale is to be settled two Business Days after the sale date, Settlement Procedures "A", "B" and "C" shall be completed as soon as practicable but not later than 11:00 a.m., Noon and 2:00 p.m., as the case may be, on the first Business Day after the sale date.

If a sale is to be settled more than two Business Days after the sale date, Settlement Procedure "A" shall be completed as soon as

practicable but no later than 11:00 a.m. on the first Business Day after the sale date and Settlement Procedures "B" and "C" shall be completed as soon as practicable but no later than 12 Noon and 2:00 p.m., as the case may be, on the second Business Day after the sale date. Settlement Procedure "I" is subject to

extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the settlement date.

If settlement of a Book-Entry Note is rescheduled or cancelled, the Company shall notify the Trustee, and upon receipt of such notice, the Trustee will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 p.m., New York City time, on the Business Day immediately preceding the scheduled settlement date.

Failure to Settle  
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If the Trustee has not entered an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure "G", then upon written request (which may be evidenced by telecopy transmission) of the Issuer, the Trustee shall deliver to DTC, through DTC's Participant Terminal System, as soon as practicable, but no later than 2:00 p.m. on any Business Day, a withdrawal message instructing DTC to debit such Note to the Trustee's participant account. DTC will process the withdrawal message, provided that the Trustee's participant account contains a principal amount of the Global Note representing such Note that is at least equal to the principal amount to be debited. If withdrawal messages are processed with respect to all the Book-Entry Notes represented by a Global Note, the Trustee will mark such Global Note "cancelled", make appropriate entries in the Trustee's records and send such cancelled Global Note to the Issuer. The CUSIP number assigned to such Global Note shall, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned. If withdrawal messages are processed with respect to one or more, but not all, of the Book-Entry Notes represented by a Global Note, the Trustee will exchange such Global Note for two Global Notes, one of which shall represent such Note or Notes and shall be cancelled immediately after issuance and the other of which shall represent the remaining Book-Entry Notes previously represented by the surrendered Global Note and shall bear the CUSIP number of the surrendered Global Note.

If the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Note by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the Agent for such Note may enter an SDFS deliver order through DTC's Participant Terminal System debiting such Note to such Agent's participant account and crediting such Note free to the participant account of the Trustee and shall notify the Trustee and the Issuer thereof. Thereafter, the Trustee, (i) will immediately notify the Issuer, once the Trustee has confirmed that such Note has been credited

to its participant account, and the Issuer shall immediately transfer by Fedwire (immediately available funds) to such Agent an amount equal to the price of such Note which was previously sent by wire transfer to the account of the Issuer

maintained at The First National Bank of Boston in accordance with Settlement Procedure "J", and (ii) the Trustee will deliver the withdrawal message and take the related actions described in the preceding paragraph. Such debits and credits will be made on the settlement date, if possible, and in any event not later than 5:00 p.m. on the following Business Day. If such failure shall have occurred for any reason other than failure by the applicable Agent to perform its obligations hereunder or under the Agency Agreement, the Issuer will reimburse such Agent on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Issuer.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Notes to have been represented by a Global Note, the Trustee will provide, in accordance with Settlement Procedures "D" and "E", for the authentication and issuance of a Global Note representing the other Book-Entry Notes to have been represented by such Global Note and will make appropriate entries in its records.

Trustee Not to Risk Funds

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Nothing herein shall be deemed to require the Trustee to risk or expend its own funds in connection with any payment made to the Issuer, or the Agents, or DTC, or any Noteholder, it being understood by all parties that payments made by the Trustee to the Issuer, or the Agents, or DTC, or any Noteholder shall be made only to the extent that funds are provided to the Trustee for such purpose.

PART III. ADMINISTRATIVE PROCEDURES APPLICABLE TO ALL NOTES

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Maturities; Minimum Purchase; Calculation of Interest

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Each Note will mature on a date, selected by the purchaser and agreed to by the Issuer, which will be at least 9 months after its Issue Date. The minimum aggregate amount of Notes which may be offered to any purchaser will be \$1,000. Interest on each interest-bearing Note will be calculated and paid in the manner described in such Note and in the Prospectus Supplement and the applicable Pricing Supplement. Unless otherwise set forth therein, interest on Fixed Rate Notes will be calculated on the basis of a 360-day year of twelve 30-day months and will not accrue on the 31st day of any month. Interest on Floating Rate Notes, except as otherwise set forth therein, will be calculated on the basis of actual days elapsed and a year of 360 days, except that in the case of a Floating Rate Note for which the Base Rate is the Treasury

Rate or CMT Rate, interest will be calculated on the basis of the actual number of days in the year.

#### Record and Payment Dates for Interest

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Regular Record Dates. Except as otherwise specified in a Pricing Supplement, the Regular Record Date with respect to any Interest Payment Date shall be March 15 or September 15.

Interest Payment Dates. Except as otherwise specified in a Pricing Supplement, interest payments will be made on April 1 and October 1 of each year and at Maturity; provided, however, that in the case of a Note originally issued between a Regular Record Date and an Interest Payment Date, the first interest payment will be made on the Interest Payment Date following the next succeeding Regular Record Date.

#### Procedures for Establishing the Terms of the Notes

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The Issuer and the Agents will discuss from time to time the rates to be borne by the Notes that may be sold as a result of the solicitation of offers by the Agents. Once any Agent has recorded any indication of interest in Notes upon certain terms, and communicated with the Issuer, if the Issuer plans to accept an offer to purchase Notes upon such terms, it will prepare a Pricing Supplement to the Prospectus, as then amended or supplemented, reflecting the terms of such Notes and, after approval from the Agents, will arrange to have 10 copies of the Pricing Supplement filed with, or transmitted by a means reasonably calculated to result in filing with, the Commission pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended (the "Act"), no later than the fifth Business Day following the date of determination of the settlement information described below or the date such Pricing Supplement is first used. The Issuer will supply at least 10 copies of the Prospectus, as then amended or supplemented, and bearing such Pricing Supplement, to the Agent who presented such offer (the "Presenting Agent"). No settlements with respect to Notes upon such terms may occur prior to such transmitting or filing and the Agents will not, prior to such transmitting or filing, mail confirmations to customers who have offered to purchase Notes upon such terms. After such transmitting or filing, sales, mailing of confirmations and settlements may occur with respect to Notes upon such terms, subject to the provisions of "Delivery of Prospectus" below.

If the Issuer decides to post rates and a decision has been reached to change interest rates, the Issuer will promptly notify each Agent. Each Agent will forthwith suspend solicitation of purchases. At that time, the Agents will recommend and the Issuer will establish rates to be so "posted". Following establishment of posted rates and prior to the transmitting or filing described in the preceding paragraph, the Agents may only record indications of interest in purchasing Notes at the posted rates. Once any Agent has recorded any indication of interest in Notes at the posted rates and communicated with the

if the Issuer plans to accept an offer at the posted rate, it will prepare a Pricing Supplement reflecting such posted rates and, after approval from the Agents, will arrange to have 10 copies of the Pricing Supplement filed with, or transmitted by means reasonably calculated to result in filing with, the Commission and will supply at least 10 copies of the Prospectus, as then amended or supplemented, and bearing such Pricing Supplement, to the Presenting Agent. No settlements at the posted rates may occur prior to such transmitting or filing and the Agents will not, prior to such transmitting or filing, mail confirmations to customers who have offered to purchase Notes at the posted rates. After such transmitting or filing, sales, mailing of confirmations and settlements may resume, subject to the provisions of "Delivery of Prospectus" below.

Outdated Pricing Supplements, and copies of the Prospectus to which they are attached (other than those retained for files), will be destroyed.

Suspension of Solicitation; Amendment or Supplement  
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As provided in the Agency Agreement, the Issuer may instruct the Agents to suspend solicitation of offers to purchase at any time, and upon receipt of at least one Business Day's prior notice from the Issuer, the Agents will each forthwith suspend solicitation until such time as the Issuer has advised them that solicitation of offers to purchase may be resumed.

If the Agents receive the notice from the Issuer contemplated by Section 4(b) of the Agency Agreement, they will promptly suspend solicitation and will only resume solicitation as provided in the Agency Agreement. If the Issuer is required, pursuant to the last sentence of Section 4(b) of the Agency Agreement, to prepare an amendment or supplement, it will promptly furnish each Agent with the proposed amendment or supplement; if the Issuer decides to amend or supplement the Registration Statement or the Prospectus relating to the Notes, it will promptly advise each Agent and will furnish each Agent with the proposed amendment or supplement in accordance with the terms of the Agency Agreement. The Issuer will file such amendment or supplement with the Commission, provide the Agents with copies of any such amendment or supplement, confirm to the Agents that such amendment or supplement has been filed with the Commission and advise the Agents that solicitation may be resumed.

Any such suspension shall not affect the Issuer's obligations under the Agency Agreement; and in the event that at the time the Issuer suspends solicitation of offers to purchase there shall be any offers already accepted by the Issuer outstanding for settlement, the Issuer will have the sole responsibility for fulfilling such obligations. The Issuer will in addition promptly advise the Agents and the Trustee if such offers are not to be settled and if copies of the

Prospectus as in effect at the time of the suspension may not be delivered in connection with the settlement of such offers.

Acceptance of Offers

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Each Agent will promptly advise the Issuer, at its option orally or in writing, of each reasonable offer to purchase Notes received by it, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, without notice to the Issuer, reject any offer received by it, in whole or in part. The Issuer will have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. If the Issuer accepts or rejects an offer, the Issuer will promptly notify the Agent involved.

Delivery of Prospectus

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A copy of the Prospectus as most recently amended or supplemented on the date of delivery thereof (except as provided below) must be delivered to a purchaser prior to or together with the earlier of the delivery of (i) the written confirmation provided for above, and (ii) any Note purchased by such purchaser. Subject to the foregoing, it is anticipated that delivery of the Prospectus, confirmation and Notes to the purchaser will be made simultaneously at settlement. The Issuer shall ensure that the Presenting Agent receives copies of the Prospectus and each amendment or supplement thereto (including appropriate Pricing Supplements) in such quantities and within such time limits as will enable the Presenting Agent to deliver such confirmation or Note to a purchaser as contemplated by these procedures and in compliance with the first sentence of this paragraph. If, since the date of acceptance of a purchaser's offer, the Prospectus shall have been supplemented solely to reflect any sale of Notes on terms different from those agreed to between the Issuer and such purchaser or a change in posted rates not applicable to such purchaser, such purchaser shall not receive the Prospectus as supplemented by such new supplement, but shall receive the Prospectus as supplemented to reflect the terms of the Notes being purchased by such purchaser and otherwise as most recently amended or supplemented on the date of delivery of the Prospectus.

Authenticity of Signatures

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The Issuer will cause the Trustee to furnish the Agents from time to time with the specimen signatures of each of the Trustee's officers, employees or agents who have been authorized by the Trustee to authenticate Notes, but no Agent will have any obligation or liability to the Issuer or the Trustee in respect of the authenticity of the signature of any officer, employee or agent of the Issuer or the Trustee on any Note or Global Note.

Advertising Expenses  
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The Issuer will determine with the Agents the amount of advertising that may be appropriate in offering the Notes. Advertising expenses will be paid by the Issuer.

EXHIBIT C

Boston Gas Company

Medium Term Notes, Series C

Due Nine Months or More  
from Date of Issue

PURCHASE AGREEMENT

, 199

Attention:

Subject in all respects to the terms and conditions of the Agency Agreement (the "Agreement") dated July \_\_, 1995, between Salomon Brothers Inc., J.P. Morgan Securities Inc. and Donaldson, Lufkin & Jenrette Securities Corporation, and you, the undersigned agrees to purchase the following Notes of Boston Gas Company:

[Add additional terms as may be needed to identify Notes.]

[Specified Currency]:

Aggregate Principal Amount: \$

Interest Rate:

Date of Maturity:

Interest Payment Dates:

Regular Record Dates:

Discount of Commission: % of Principal Amount

Purchase Price:

% of Principal Amount [plus  
accrued interest from  
, 199 ]

Purchase Date and Time:

Place for Delivery of Notes  
and Payment Therefor:

Method of Payment:

Modification, if any, in the  
requirements to deliver the  
documents specified in  
Section 6(b), (c) and (d)  
of the Agreement:

Period during which additional  
Notes may not be sold pursuant  
to Section 3(b) of the Agreement:

[Purchaser]

By: \_\_\_\_\_

Accepted:

Boston Gas Company

By:

\_\_\_\_\_  
Title

FORM OF FLOATING RATE NOTE

[Form of Face of Security]

REGISTERED

REGISTERED

-----  
BOSTON GAS COMPANY

No. FLRA- \_\_\_\_\_ MEDIUM-TERM NOTE, SERIES \_\_\_\_\_ CUSIP \_\_\_\_\_  
(Floating Rate)

[INSERT IF SECURITY IS TO BE RESET ANNUALLY -- If Securities which are reset annually are issued between a Regular Record Date and the related Interest Payment Date, such Securities will be considered issued at an original issue discount and, as a consequence, cash basis holders generally will be required to report interest in respect of the Securities on an accrual basis before the receipt of cash attributable thereto for Federal income tax purposes.]

[INSERT IF THE SECURITY IS TO BE A GLOBAL SECURITY -- This Note is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. This Global Security is exchangeable for Notes registered in the name of a Person other than the Depositary or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Note (other than a transfer of this Note as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary) may be registered except in such limited circumstances.

Unless this Certificate is presented by an authorized representative of The Depositary Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depositary Trust Company and any payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

PRINCIPAL AMOUNT:

DENOMINATIONS:

DESIGNATED CMT TELERATE PAGE:

DESIGNATED CMT MATURITY  
INDEX:

ISSUE DATE:

STATED MATURITY OF SECURITY:

INTEREST RATE BASIS:

COMPUTATION PERIOD:

INTEREST PAYMENT DATE(S):

REGULAR RECORD DATE(S):

INDEX MATURITY:

SPREAD (PLUS OR MINUS):

INITIAL INTEREST RATE:

SPREAD MULTIPLIER:

MAXIMUM INTEREST RATE:

MINIMUM INTEREST RATE:

INTEREST PAYMENT PERIOD  
(daily, monthly, quarterly,  
semi-annually or annually):

INTEREST PAYMENT MONTH(S):

INTEREST RESET PERIOD  
(daily, monthly, quarterly,  
semi-annually or annually):

INTEREST RESET MONTH(S):

INTEREST DETERMINATION DATE(S):

CALCULATION DATE:

CALCULATION AGENT:

INTEREST RESET DATE(S):

REDEMPTION DATE(S):

REDEMPTION PERCENTAGE(S):

REDEMPTION PERCENTAGE(S)  
(OPTION OF HOLDER):

-2-

REDEMPTION DATE(S)  
(OPTION OF HOLDER):

NOTICE PERIOD:

ORIGINAL ISSUE DISCOUNT SECURITY:\*

If applicable, the following will be  
completed solely for the purpose of  
applying the United States Federal  
income tax original issue discount  
("OID") rules:

TOTAL AMOUNT OF OID:

YIELD TO MATURITY:

INITIAL ACCRUAL PERIOD OID:

OTHER PROVISIONS:

BOSTON GAS COMPANY, a corporation duly organized under the laws of The Commonwealth of Massachusetts (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to [INSERT IF THE SECURITY IS TO BE A GLOBAL SECURITY -- CEDE & Co., as nominee for The Depository Trust Company] [\_\_\_\_\_], or registered assigns, the principal amount specified above on the Stated Maturity specified above and to pay interest thereon, from and including the Issue Date specified above (the "Issue Date") or from and including the most recent Interest Payment Date to which interest on this Security (or any Predecessor Security) has been paid or duly provided for to, but excluding, the Interest Payment Date (as hereinafter defined) (or, if the Interest Reset Period specified above (the "Interest Reset Period") is daily or weekly, from and including the Issue Date or from and including the day following the most recent Regular Record Date

-3-

with respect to which interest has been paid or duly provided for, as the case may be, to but excluding the day following the Regular Record Date immediately preceding such Interest Payment Date), at a rate per annum equal to the Initial Interest Rate specified above (the "Initial Interest Rate") until the first Interest Reset Date (as defined on the reverse hereof) following the Issue Date and thereafter at a rate determined in accordance with the provisions on the reverse hereof under the heading "Determination of Commercial Paper Rate", "Determination of Prime Rate", "Determination of CD Rate", "Determination of Federal Funds Effective Rate", "Determination of LIBOR", "Determination of Treasury Rate", "Determination of CMT Rate", "Determination of 11th District Cost of Funds Rate" or "Determination of J.J. Kenny Rate" depending upon whether the Interest Rate Basis specified above is Commercial Paper Rate, Prime Rate, CD Rate, Federal Funds Effective Rate, LIBOR, Treasury Rate, CMT Rate, 11th District Cost of Funds Rate or J.J. Kenny Rate until the principal hereof is paid or duly made available for payment; provided, however, that the Company will make all such payments in respect of this Security in U.S. dollars in amounts determined as set forth on the reverse hereof. Such interest shall be payable by the Company monthly, quarterly, semi-annually or annually as specified above under "Interest Payment Period" and, unless otherwise specified above under "Interest Payment Date(s)", such interest shall be payable by the Company on the third Wednesday of the month or months specified above under "Interest Payment Month(s)" in each year (or if any such day is not a Market Day (as defined on the reverse hereof) with respect to this Security, on the next succeeding Market Day with respect to this Security or, if the Interest Rate Basis specified above is LIBOR and the next succeeding such Market Day falls in the next calendar month, the next preceding such Market Day) (each date so

specified above or, if none is so specified, determined as herein provided, an "Interest Payment Date") and at Maturity. The interest so payable, and punctually paid or duly provided for, on any such Interest Payment Date will be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the fifteenth day (whether or not a Market Day) next preceding such Interest Payment Date, unless a different Regular Record Date is specified above (the "Regular Record Date"); provided, however, that interest payable at Maturity will be payable to the Person to whom principal shall be payable; and provided, further, that if the Issue Date is after a Regular Record Date and before the next succeeding Interest Payment Date the first payment of interest shall be payable on the second Interest Payment Date following the Issue Date to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date immediately preceding such Interest Payment Date. Any such interest which is payable, but not so punctually paid or duly provided for, on any Interest Payment Date will forthwith cease to be payable to the Holder on such Regular

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\* NOTE: This form of security does not cover zero-coupon Securities.

-4-

Record Date and such Defaulted Interest may either be paid to the Person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Security may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) or interest on this Security will be made at the corporate trust office of the Trustee at 150 Royall Street, Canton, Massachusetts or at the office of the New York registrar and paying agent, BancBoston Trust Company of New York, 55 Broadway, New York, New York, or such other office or agency of the Company maintained by it for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of the principal of (and premium, if any) and interest on this Security due will be made in immediately available funds at such corporate trust office or such other office or agency if this Security is presented to the Paying Agent in time for the Paying Agent to make such payments in accordance with its normal procedures; [IF APPLICABLE INSERT -- and provided, further, that at the option of the Company payment of interest (other than interest payable at Maturity) may be made by check and mailed to the address of the Holder as such address shall appear in the Security Register.]

Reference is hereby made to the further provisions of this Security set forth

on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by the manual signature of an authorized signatory, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

-5-

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by manual or facsimile signature under its corporate seal.

BOSTON GAS COMPANY

[CORPORATE SEAL]

By \_\_\_\_\_

Name:

Title:

Attest:

\_\_\_\_\_  
Dated: \_\_\_\_\_, 199\_

TRUSTEE'S  
CERTIFICATE OF  
AUTHENTICATION

This is one of the Securities  
of the series designated  
therein referred to in the  
within-mentioned Indenture.

THE FIRST NATIONAL BANK OF BOSTON, as Trustee

By \_\_\_\_\_  
Authorized Signatory

-6-

[Form of Reverse of Security]

This Security is one of a duly authorized issue of securities of the Company (the "Securities") issued and to be issued in one or more series under the Indenture, dated as of December 1, 1989 (the "Indenture"), between the Company and THE FIRST NATIONAL BANK OF BOSTON, as successor Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to

which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited to an aggregate principal amount not to exceed \$100,000,000 (or, if Securities of this series are to be Original Issue Discount Securities or with the amount payable in respect of principal of or any premium or interest to be determined by reference to the value, rate or price of one or more specified indices ("Indexed Securities"), such principal amount as shall result in an aggregate initial offering price of Securities equivalent to no more than \$100,000,000), which amount may be increased at the option of the Company if in the future it determines that it may wish to sell additional Securities, which may be offered or sold either in the United States or outside the United States or both simultaneously. Except as otherwise may be stated on the face hereof, the Securities of this series are issuable only as registered Securities, without coupons, in denominations of \$1,000 and integral multiples of \$1,000. The Securities of this series may be issued from time to time in various principal amounts and may mature at different times, may bear interest at different rates, may be subject to different redemption provisions, if any, and may otherwise vary. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

The Securities are general, direct, unconditional and unsecured obligations of the Company.

Accrued interest hereon shall be calculated by multiplying the principal amount specified on the fact hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded upwards, if necessary, as described below) for each such day shall be computed by (i) dividing the interest rate (expressed as a decimal rounded upwards, if necessary, as described below) applicable to such day by 360, if the day count convention is "Actual/360", (ii) dividing the interest rate applicable to such day by the actual number of days in the year (365 or 366, as the case may be) if the day count convention is "Actual/Actual" or (iii) multiplying the interest rate for that day by the

-7-

result of 30 divided by 360 and then dividing that number by the actual number of days in the month in which such day falls if the day count convention is "30/360". Except as otherwise provided herein, all percentages resulting from any calculation with respect to this Security will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all dollar amounts used in or

resulting from such calculations will be rounded to the nearest cent.

The rate of interest on this Security will be reset daily, weekly, monthly, quarterly, semi-annually or annually, as specified on the face hereof under Interest Reset Period (each date upon which interest is so reset as provided below being hereinafter referred to as an "Interest Reset Date"), and the interest rate in effect on any day shall be (a) if such day is an Interest Reset Date, the interest rate for such Interest Reset Date or (b) if such day is not an Interest Reset Date the interest rate for the immediately preceding Interest Reset Date; provided, however, that (i) the interest rate in effect from the Issue Date of this Security (or one or more Predecessor Securities) to but excluding the first Interest Reset Date will be the Initial Interest Rate and (ii) the interest rate in effect for the ten calendar days immediately prior to Maturity of this Security will be that in effect on the tenth calendar day preceding such Maturity. Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof and in no event shall be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Unless otherwise specified on the face hereof and except as provided in the next succeeding sentence, the Interest Reset Date with respect to this Security will be, if the Interest Reset Period specified on the face hereof is daily, each Market Day (as defined below); if the Interest Reset Period specified on the face hereof is weekly (unless the Interest Rate Basis specified on the face hereof is the Treasury Rate), the Wednesday of each week; if the Interest Reset Period specified on the face hereof is weekly and the Interest Rate Basis specified on the face hereof is the Treasury Rate, except as otherwise provided below, the Tuesday of each week; if the Interest Reset Period specified on the face hereof is monthly (unless the Interest Rate Basis specified on the face hereof is the 11th District Cost of Funds Rate), the third Wednesday of each month; if the Interest Reset Period specified on the face hereof is monthly and the Interest Rate Basis specified on the face hereto is the 11th District Cost of Funds Rate, the first calendar day of each month; if the Interest Reset Period specified on the face hereof is quarterly, the third Wednesday of each March, June, September and December; if the Interest Reset Period specified on the face hereof is semi-annually, the third Wednesday of two months in each year specified under "Interest Reset Month(s)" on the face hereof; and if the Interest Reset Period specified on the face hereof is annually, the third Wednesday of the month in each year specified

-8-

under "Interest Reset Month(s)" on the face hereof. If, pursuant to the preceding sentence, any Interest Reset Date would otherwise be a day that is not a Market Day with respect to this Security, the Interest Reset Date shall be the next succeeding day that is a Market Day with respect to this Security, except that if the Interest Rate Basis specified on the face hereof is LIBOR and the next succeeding Market Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Market Day. Subject to applicable provisions of law and except as specified herein, on each Interest Reset Date the rate of interest on this Security shall be the rate determined in accordance with the provisions of the applicable heading below.

"Market Day" means (i) in the case of a rate of interest which is determined other than in accordance with the provisions of the heading "Determination of LIBOR" above, any day that is a Business Day in The City of New York and (ii) in the case of a rate of interest which is determined in accordance with the provisions of the heading "Determination of LIBOR" above, any Business Day in The City of New York on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Determination of Commercial Paper Rate. If the Interest Rate Basis specified on the face hereof is the Commercial Paper Rate, the interest rate with respect to this Security for any Interest Reset Date shall equal (a) the Money Market Yield (calculated as described below) of the rate on the second Market Day with respect to this Security immediately preceding such Interest Reset Date (the "Commercial Paper Interest Determination Date") for commercial paper having the Index Maturity specified on the face hereof, (i) as published in "Statistical Release H.15(519), Selected Interest Rates", or any successor publication published by the Board of Governors of the Federal Reserve System ("H.15(519)"), under the heading "Commercial Paper", or (ii) if such rate is not so published prior to 9:00 A.M., New York City time, on the Calculation Date pertaining to such Commercial Paper Interest Determination Date, then as published in "Composite Quotations for U.S. Government Securities", or any successor publication published by the Federal Reserve Bank of New York ("Composite Quotations"), under the heading "Commercial Paper", or (b) if such rate is not published in either H.15(519) or Composite Quotations by 3:00 P.M., New York City time, on such Calculation Date, the Money Market Yield of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the offered rates, as of 11:00 A.M., New York City time, on such Commercial Paper Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified on the face hereof placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized rating agency, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that if fewer than three such dealers selected as aforesaid

-9-

by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate shall be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point), calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100,$$

where "D" refers to the per annum rate for commercial paper quoted on a bank

discount basis and expressed as a decimal; and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Determination of Prime Rate. If the Interest Rate Basis specified on the face hereof is the Prime Rate, the interest rate with respect to this Security for any Interest Reset Date shall equal (a) the rate on the second Market Day with respect to this Security immediately preceding such Interest Reset Date (the "Prime Interest Determination Date") as published in H.15(519) under the heading "Bank Prime Loan"; (b) if such rate is not so published prior to 9:00 A.M., New York City time, on the Calculation Date pertaining to such Prime Interest Determination Date, the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page as such bank's prime rate or base lending rate as in effect for that Prime Interest Determination Date, (c) if fewer than four such rates but more than one such rate appear on the Reuters Screen NYMF Page for that Prime Interest Determination Date, the arithmetic mean, as calculated by the Calculation Agent, of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Interest Determination Date by at least two of three major money center banks in The City of New York selected by the Calculation Agent, and (d) if fewer than two quotations are provided, the announced prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business in The City of New York by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, having total equity capital of at least \$500 million and being subject to supervision or examination by Federal or State authority, selected by the Calculation Agent to provide such rate or rates, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication of the Spread Multiplier, if any, specified on the face hereof; provided, however, that if an appropriate number of such substitute banks or trust companies are not quoting as mentioned in this sentence,

-10-

the Prime Rate will be the Prime Rate in effect on such Prime Interest Determination Date.

Determination of CD Rate. If the Interest Rate Basis specified on the face hereof is the CD Rate, the interest rate with respect to any Interest Reset Date shall equal (a) the rate on the second Market Day with respect to this Security immediately preceding such Interest Reset Date (the "CD Interest Determination Date") for negotiable certificates of deposit having the Index Maturity specified on the face hereof, (i) as published in H.15(519) under the heading "CDs (Secondary Market)", or (ii) if such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such CD Interest Determination Date, then as published in Composite Quotations under the heading "Certificates of Deposit", or (b) if such rate is not yet published in either H.15(519) or Composite Quotations by 3:00 P.M., New York City time, on such Calculation Date the arithmetic mean, as calculated by the Calculation Agent, of the secondary market offered rates, as of 10:00 A.M., New York City time, on

such CD Interest Determination Date, of three leading nonbank dealers of negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified on the face hereof in a denomination of \$5,000,000, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication of the Spread Multiplier, if any, specified on the face hereof; provided, however, that if fewer than three such dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate will be the CD Rate in effect on such CD Interest Determination Date.

Determination of Federal Funds Effective Rate. If the Interest Rate Basis specified on the face hereof is the Federal Funds Effective Rate, the interest rate with respect to this Security for any Interest Reset Date shall equal (a) the rate on the second Market Day with respect to this Security immediately preceding such Interest Reset Date (the "Federal Funds Interest Determination Date") for Federal Funds having the Index Maturity specified on the face hereof (i) as published in H.15(519) under the heading "Federal Funds (Effective)" or (ii) if such rate is not so published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Federal Funds Interest Determination Date, then as published in Composite Quotations under the heading "Federal Funds/ Effective Rate" or (b) if by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the rates, as of 11:00 A.M., New York City time, on such Federal Funds Interest Determination Date, for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York selected by the Calculation Agent, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by

-11-

multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that if fewer than three such brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Effective Rate will be the Federal Funds Effective Rate in effect on such Federal Funds Interest Determination Date.

Determination of LIBOR. If the Interest Rate Basis specified on the face hereof is LIBOR, the interest rate with respect to this Security for any Interest Reset Date shall be determined by the Calculation Agent in accordance with the following provisions:

(i) On the second London Business Day prior to such Interest Reset Date (a "LIBOR Interest Determination Date"), the Calculation Agent will determine LIBOR on the basis of (a) if LIBOR Telerate is specified on the face hereof, the offered rate for deposits in U.S. dollars having the Index Maturity specified on the face hereof, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date, that appears on the Telerate Page 3750, as of 11:00 A.M., London time, on that LIBOR Interest

Determination Date ("LIBOR Telerate"), or (b) if LIBOR Reuters is specified on the face hereof, the arithmetic mean of the offered rates for deposits in U.S. dollars having the Index Maturity specified on the face hereof, commencing on the second London Business Day immediately after that LIBOR Interest Determination Date, that appear on the Reuters Screen LIBO Page as of 11:00 A.M., London time, on that LIBOR Interest Determination Date, if at least two such offered rates appear on the Reuters Screen LIBO Page ("LIBOR Reuters"). "Telerate Page 3750" means the display designated as page "3750" on the Telerate Service (or such other page as may replace the 3750 page on that service or such other services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks). If neither LIBOR Telerate nor LIBOR Reuters is specified on the face hereof, LIBOR will be determined as if LIBOR Telerate had been specified. If no rate appears on the Telerate Page 3750, or if fewer than two offered rates appear on the Reuters Screen LIBO Page, as applicable, LIBOR in respect of that LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (ii) below.

(ii) If on any LIBOR Interest Determination Date LIBOR Telerate is specified on the face hereof and no rate appears on Telerate Page 3750, as specified in (i)(a) above, or if LIBOR Reuters is specified on the face hereof

-12-

and fewer than two offered rates appear on the Reuters Screen LIBO Page, as specified in (i)(b) above, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars having the Index Maturity specified on the face hereof are offered at approximately 11:00 A.M., London time, on that LIBOR Interest Determination Date by four major banks in the London interbank market selected by the Calculation Agent ("Reference Banks") as prime banks in the London interbank market, commencing on the second London Business Day immediately following that LIBOR Interest Determination Date and in a principal amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR in respect of that LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on that LIBOR Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent for loans in U.S. dollars to leading European banks having the Index Maturity specified on the face hereof commencing on the second London Business Day following that LIBOR Interest Determination Date and in a principal amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time, in each of the above cases adjusted by the addition or subtraction of the

Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that if the banks selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR with respect to such LIBOR Interest Determination Date will be LIBOR determined on the immediately preceding LIBOR Interest Determination Date.

Determination of Treasury Rate. If the Interest Rate Basis specified on the face hereof is the Treasury Rate, the interest rate with respect to this Security for any Interest Reset Date shall equal (a) the rate for the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity specified on the face hereof as published in H.15(519) under the heading "U.S. Government Securities - Auction Average (Investment)" on the Treasury Interest Determination Date (as defined below) or (b) if such rate is not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, the auction average rate (expressed as bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the United States Department of the Treasury or (c) in the event that the results of the auction of Treasury bills having the Index Maturity specified on

-13-

the face hereof are not published or reported as provided in (a) or (b) above by 3:00 P.M., New York City time, on such Calculation Date or if no such auction is held in a particular week, the yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Treasury Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent for the issue of Treasury bills with a remaining maturity closest to the Index Maturity specified on the face hereof, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that if fewer than three such dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate shall be the Treasury Rate on such Treasury Interest Determination Date.

The "Treasury Interest Determination Date" pertaining to an Interest Reset Date will be the day on which Treasury bills are auctioned for the week in which such Interest Reset Date falls. If as a result of a legal holiday, an auction is held on the preceding Friday, such Friday shall be the Treasury Interest Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week. If an auction date shall fall on any Interest Reset Date for a Treasury Rate Note, then such Interest Reset Date shall instead be the first Business Day immediately following such auction date.

Determination of CMT Rate. If the Interest Rate Basis specified on the face hereof is the CMT Rate, the interest rate with respect to this Security for

any Interest Reset Date shall equal the rate on the second Market Day with respect to this Security immediately preceding such Interest Reset Date (the "CMT Interest Determination Date") for treasury constant maturities having the Designated CMT Maturity Index (as defined below) specified on the face hereof, as displayed on the Designated CMT Telerate Page (as defined below) under the caption "Treasury Constant Maturities ... Federal Reserve Board Release H.15 ... Mondays Approximately 3:45 P.M.," under the column for such Designated CMT Maturity Index for (i) if the Designated CMT Telerate Page is 7055, the rate on such CMT Interest Determination Date and (ii) if the Designated CMT Telerate Page is 7052, the week or the month, as applicable, ended immediately preceding the week in which the related CMT Interest Determination Date occurs. If such rate is no longer displayed on the relevant page, or if not displayed by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index as published in the relevant H.15(519). If such rate is no longer published, or if not published by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest

-14-

Determination Date will be such treasury constant maturity rate for the Designated CMT Maturity Index (or other United States Treasury rate for the Designated CMT Maturity Index) as may then be published by either the Federal Reserve Board or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in the relevant H.15(519). If such information is not available by 3:00 P.M., New York City time, on the related Calculation Date, then the CMT Rate for such CMT Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 P.M., New York City time, on the CMT Interest Determination Date reported, according to their written records, by three leading primary United States government securities dealers (each, a "Reference Dealer") in The City of New York selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for the most recently issued direct noncallable fixed rate obligations of the United States ("Treasury Notes") with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than such Designated CMT Maturity Index minus one year. If the Calculation Agent cannot obtain three such Treasury Note quotations, the CMT Rate for such CMT Interest Determination Date will be calculated by the Calculation Agent and will be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 P.M., New York City time, on the CMT Interest Determination Date of three Reference Dealers in The City of New York (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for Treasury Notes with an original maturity of the number of years that is the next highest to the Designated CMT Maturity

Index and a remaining term of maturity closest to the Designated CMT Maturity Index and in an amount of at least \$100 million. If three or four (and not five) of such Reference Dealers are quoting as described above, then the CMT Rate will be based on the arithmetic mean of all the offer prices so obtained and neither the highest nor lowest of such quotes will be eliminated, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that if fewer than three Reference Dealers selected by the Calculation Agent are quoting as described herein, the CMT Rate for such CMT Interest Determination Date will be the CMT Rate determined on the immediately preceding CMT Interest Determination Date. If two Treasury Notes with an original maturity as described in the third preceding sentence have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury Note with the shorter remaining term to maturity will be used.

-15-

"Designated CMT Telerate Page" means the display on the Dow Jones Telerate Service on the page specified on the face hereof (or any other page that may replace such page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519)). If no such page is specified on the face hereof, the Designated CMT Telerate Page shall be 7052, for the most recent week.

"Designated CMT Maturity Index" means the original period to maturity of the Treasury Notes (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified on the face hereof, with respect to which the CMT Rate will be calculated. If no such maturity is specified on the face hereof, the Designated CMT Maturity Index shall be 2 years.

Determination of 11th District Cost of Funds Rate. If the Interest Rate Basis specified on the face hereof is the 11th District Cost of Funds Rate, the interest rate with respect to this Security for any Interest Reset Date shall equal the rate on the last working day of the month of the Federal Home Loan Bank of San Francisco preceding the Interest Reset Date (the "11th District Cost of Funds Interest Determination Date") equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such 11th District Cost of Funds Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 as of 11:00 A.M., San Francisco time, on such 11th District Cost of Funds Interest Determination Date. If such rate does not appear on Telerate Page 7058 on any related 11th District Cost of Funds Interest Determination Date, the 11th District Cost of Funds Rate for such 11th District Cost of Funds Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions in the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the Federal Home Loan Bank of San Francisco as such cost of funds for the calendar month immediately preceding such 11th District Cost of Funds Interest Determination Date. If the Federal Home Loan Bank of San Francisco fails to announce such rate on such 11th District Cost of Funds Interest Determination Date for the calendar month immediately preceding such 11th District Cost of Funds Interest Determination Date, the 11th District Cost

of Funds Rate for such 11th District Cost of Funds Interest Determination Date will be the 11th District Cost of Funds Rate for the immediately preceding 11th District Cost of Funds Interest Determination Date. In each of the aforementioned cases, the 11th District Cost of Funds Rate shall be adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof.

Determination of J.J. Kenny Rate. If the Interest Rate Basis specified on the face hereof is the J.J. Kenny Rate, the interest rate with respect to this Security for any Interest Reset Date shall equal the rate on the second Market Day with respect to this Security immediately preceding such Interest Reset Date (the "J.J. Kenny Interest Determination Date") as published in the high grade weekly index (the "Weekly Index") on such J.J. Kenny Interest Determination Date made available by Kenny Information Systems ("Kenny") to the Calculation Agent. The Weekly Index

-16-

shall be based on a 30-day yield evaluations at par of bonds, the interest of which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code"), of not less than five high grade component issuers selected by Kenny, which shall include, without limitation, issuers of general obligation bonds. The specific issuers to be included among the component issuers may be changed from time to time by Kenny at its discretion. The bonds on which the Weekly Index is based shall not include any bonds on which the Interest is subject to a minimum tax or similar tax under the Code unless all tax-exempt bonds are subject to such tax. In the event Kenny ceases to make available such Weekly Index, a successor indexing agent will be selected by the Calculation Agent, such index to reflect the prevailing rate for bonds rated in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group in respect of issuers most closely resembling the high grade component issuers selected by Kenny for its Weekly Index, the interest on which is (a) variable on a weekly basis, (b) exempt from Federal income taxation under the Code and (c) not subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. If such a successor indexing agent is not available, the rate for any J.J. Kenny Interest Determination Date will equal 67% of the rate calculated using the methodology set forth above under "Treasury Rate Notes". The Calculation Agent shall calculate the J.J. Kenny Rate in accordance with the foregoing. In each of the aforementioned cases, the J.J. Kenny Rate shall be adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof.

The "Calculation Date", where applicable, pertaining to an Interest Determination Date will be the first to occur of either (a) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (b) the Business Day preceding the date any payment is required to be made for any period following the applicable Interest Reset Date or Maturity Date (or the date of redemption or repayment). The Calculation Agent shall calculate the interest rate hereon in accordance

with the foregoing on or before each Calculation Date. At the request of the Holder hereof, the Calculation Agent will provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate which will become effective as of the next Interest Reset Date. Unless otherwise specified on the face hereof, the Calculation Agent shall be the Trustee.

If one or more Redemption Dates (or ranges of Redemption Dates) is specified on the face hereof, this Security is subject to redemption upon not less than 30 days' notice by mail, on any such date (or during any such range) as a whole, or from time to time in part, at the option of the Company, at a Redemption Price determined as provided in the next succeeding sentence, together with accrued interest to the Redemption Date; but interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holder hereof (or one or more Predecessor Securities) of record at the close of business on the Regular Record Dates referred to

-17-

on the face hereof, all as provided in the Indenture. If applicable, the "Redemption Price" for any such redemption shall be the amount determined by multiplying the Redemption Percentage specified on the face hereof with respect to the relevant Redemption Date (or range of such dates) by the portion of the principal amount hereof (or, if this Security is an Original Issue Discount Security, the portion of the Amortized Face Amount hereof) to be redeemed; provided, however, that in no event shall the Redemption Price be less than 100% of the portion of the principal amount hereof (or, if this Security is an Original Issue Discount Security, the portion of the Amortized Face Amount hereof) to be redeemed.

If this Security is designated on the face hereof as an Original Issue Discount Security, the "Amortized Face Amount" shall be the amount equal to (a) the issue price of this Security (as defined below), plus (b) that portion of the difference between the issue price and the principal amount of this Security that has been amortized at the Stated Yield (as defined below) of this Security (computed in accordance with generally accepted United States bond yield computation principles) at the date as of which the Amortized Face Amount is calculated, but in no event shall the Amortized Face Amount exceed the principal amount of this Security due at the Stated Maturity hereof. As used in the previous sentence "issue price" means the principal amount due at the Stated Maturity hereof less the Total Amount of OID specified on the face hereof and the "Stated Yield" means the Yield to Maturity specified on the face hereof (or if not so specified, the yield to maturity compounded semi-annually and computed in accordance with generally accepted United States bond yield computation principles) for the period from the Issue Date to the Stated Maturity on the basis of the issue price and such principal amount.

Notice of redemption having been given as aforesaid, this Security (or the portion of the principal amount hereof so to be redeemed) shall, on the Redemption Date, become due and payable at the Redemption Price herein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) shall cease to bear interest. In the case of any partial redemption at the election of the Company

of Securities of this series, the Securities of a particular tenor to be redeemed shall be selected by the Trustee not more than 60 days prior to the Redemption Date by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal amount of Securities. In the event of any redemption of this Security in part only, a new Security or Securities of this series of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof, provided that such unredeemed portion shall not be less than the minimum denomination of this Security.

If one or more Redemption Dates (Option of Holder) (or ranges of such dates) is specified on the face hereof, this Security is subject to redemption on any such date (or

-18-

during any such range) or, if such date is not a Market Day, on the first Market Day following such date, as a whole or from time to time in part, at the election of the Holder hereof at a Redemption Price determined as provided in the fifth succeeding sentence together with accrued interest thereon to the Redemption Date, but interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holder hereof of record at the close of business on the Regular Record Date referred to on the face hereof, all as provided in the Indenture. Such election shall be effected by the Holder hereof delivering to the Company at the principal corporate trust office of the Trustee at 150 Royall Street, Canton, Massachusetts or at the office of the New York registrar and paying agent, BancBoston Trust Company of New York, 55 Broadway, New York, New York not less than 30 nor more than 60 days prior to the date on which this Security is to be redeemed, or during such other Notice Period specified on the face hereof, a notice requesting such redemption in the form described below and specifying the date upon which this Security is to be redeemed. Any notice given by a Holder pursuant to this paragraph shall consist of either (i) this Security with the form entitled "Option to Elect Redemption" set forth of the end of this Security duly completed or (ii) a telegram, facsimile transmission or a letter from a member of a national securities exchange, or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the Holder hereof, the principal amount of this Security, the principal amount of this Security to be redeemed, the certificate number or a description of the terms of this Security, a statement that the option to elect redemption is being exercised thereby and a guarantee that this Security, together with the duly completed form entitled "Option to Elect Redemption" below, will be received by the Trustee not later than the fifth Business Day after the date of such telegram, facsimile transmission or letter; provided, however, that such telegram, facsimile transmission or letter shall only be effective if this Security and form duly completed are received by the Trustee by such fifth Business Day. Exercise of the redemption option by the Holder hereof will be irrevocable. If applicable, the "Redemption Price" for any such redemption shall be the amount determined by multiplying the Redemption Percentage (Option of Holder), specified on the face hereof with respect to the relevant Redemption Date (Option of Holder) (or range of such dates) specified on the date hereof by the portion of the principal amount hereof (or, if this Security is an Original

Issue Discount Security, the portion of the Amortized Face Amount hereof) to be redeemed, together with the interest accrued thereon to the Redemption Date; provided, however, that in no event shall the Redemption Price be less than 100% of the portion of the principal amount hereof (or, if this Security is an Original Issue Discount Security, the portion of the Amortized Face Amount hereof) to be redeemed.

The Indenture contains provisions for defeasance and covenant defeasance at any time of the entire indebtedness on this Security upon compliance by the Company with certain conditions set forth therein.

-19-

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series (or, in the case of Original Issue Discount Securities, the Amortized Face Amount thereof) may be declared due and payable in the manner and with the effect provided in the Indenture. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of the interest, if any, on the Securities of this series shall terminate.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of (and premium, if any) and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly

authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as

-20-

requested by the Holder surrendering the same. In the event of any redemption at the election of the Company, the Trustee shall not be required to (i) issue, register the transfer of or exchange Securities of this series during a period beginning at the opening of business 15 days before any selection of Securities of this series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption, or (ii) register the transfer of or exchange any Security, or portion thereof, called for redemption, except the unredeemed portion of any Security being redeemed in part. Following the exercise of any redemption option by the Holder hereof, the Trustee shall not be required to issue, register the transfer of or exchange that portion of this Security with respect to which such option has been exercised.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Notes of this series may be issued in the form of one or more Global Securities to The Depository Trust Company as depository for the Global Securities of this series (the "Depository") or its nominee and registered in the name of the Depository or such nominee. If the face of this Security contains a legend indicating that this Security is a Global Security so registered, the transfer and exchange hereof is subject to the additional limitations set forth in such legend.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

---

#### ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entirety

-21-

JT TEN - as joint tenants with right of survivorship  
and not as tenants in common

UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Custodian) (Minor)

Under Uniform Gifts to Minors Act (\_\_\_\_\_)  
(State)

Additional abbreviations may also be used though not in the above list.

-22-

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s)  
unto

-----  
PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:  
-----

-----  
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF  
ASSIGNEE)  
-----

-----  
the within Note and all rights thereunder, hereby irrevocably constituting  
and appointing \_\_\_\_\_

attorney to transfer said Note on the books of the Company, with full power of  
substitution in the premises.

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

X \_\_\_\_\_

NOTICE: The signature to this assignment must  
correspond with the name as written upon the face of  
the within instrument in every particular, without

alteration or enlargement or any change whatever.

OPTION TO ELECT REDEMPTION

The undersigned hereby irrevocably requests and instructs [INSERT NAME OF COMPANY] to redeem the within Security (or portion thereof specified below) pursuant to its terms at the Redemption Price, to the undersigned at

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF THE UNDERSIGNED)

If less than the entire principal amount of the within Security is to be redeemed, specify the portion thereof which the Holder elects to have redeemed:

\_\_\_\_\_ ; and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Securities to be issued to the Holder for the portion of the within Security not being redeemed (in the absence of any such specification, one such Security will be issued for the portion not being redeemed):

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

X \_\_\_\_\_

NOTICE: This signature on this Option to Elect Redemption must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement.

June 12, 1995

Boston Gas Company  
One Beacon Street  
Boston, MA 02108

Re: Registration Statement on Form S-3  
-----

Ladies and Gentlemen:

This opinion is furnished to you in connection with a registration statement (the "Registration Statement") on Form S-3 being filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, for the registration of \$100,000,000 principal amount of debt securities (the "Debt Securities") of Boston Gas Company (the "Company") to be issued from time to time under an Indenture dated as of December 1, 1989 (the "Indenture") between you and The Bank of New York, as Trustee (the "Trustee") (which has assigned its rights and duties as Trustee to The First National Bank of Boston, as Successor Trustee (the "Successor Trustee"), pursuant to an Agreement of Resignation, Appointment and Acceptance dated November 18, 1992 between the Company, the Trustee and the Successor Trustee).

We have acted as counsel for the Company in connection with the proposed issue and sale of the Debt Securities and the preparation of the Registration Statement. For purposes of this opinion, we have examined and relied upon the information set forth in the registration statement and such other documents and records as we have deemed necessary.

We have examined the opinion to you dated June 12, 1995 of J.L. Miller, Esq., General Counsel of the Company, relating to proceedings before the Massachusetts Department of Public Utilities (the "MDPU") and relating to the jurisdiction of that Department over the issuance and sale of the Debt Securities. We refer you to said opinion, upon which we have relied as to the foregoing matters.

Basing our opinion on the foregoing, we are of the opinion that:

(1) when the Registration Statement relating to the Debt Securities being filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, has been declared effective and when the Indenture has been qualified under the Trust Indenture Act of 1939

with respect to the Debt Securities, no further authorization, consent or approval by any regulatory authority will be required for the valid issuance and sale of the Debt Securities (except under the so-called "blue-sky" or securities laws of the several states, as to the applicability of which we do not express an opinion);

(2) when the Board of Directors of the Company or committee designated thereby or other designee thereof have determined the price and other terms and conditions relating to the issue and sale of the Debt Securities, the Debt Securities will have been duly authorized by the Company;

(3) upon the execution and filing with the Trustee of the proper papers, the Debt Securities will be issuable under the terms of the Indenture; and

(4) upon the execution, authentication and delivery of the Debt Securities in accordance with the corporate and governmental authorizations referred to above and in accordance with the Indenture, the Debt Securities will be valid and legally binding obligations of the Company and the Debt Securities will be entitled to the benefits and security provided by the Indenture together with any other series of securities of the Company which have been and may hereafter be issued thereunder pursuant to the terms thereof; except that enforcement of the rights and remedies created thereby is subject to bankruptcy, reorganization, insolvency or similar laws affecting creditors' rights generally, as may from time to time be in effect, and by general principles of equity.

We understand that this opinion is to be used in connection with the Registration Statement relating to the Debt Securities to be filed with the Securities and Exchange Act of 1933, as amended. We consent to the filing of this opinion with and as a part of said Registration Statement and the use of our name therein and in the related Prospectus under the caption "Validity of Debt Securities".

Very truly yours,

/s/ Ropes & Gray  
Ropes & Gray

[BOSTON GAS COMPANY LETTERHEAD]

Salomon Brothers Inc.  
Seven World Trade Center  
New York, New York 10048

J. P. Morgan Securities Inc.  
60 Wall Street  
New York, New York 10260-0060

Donaldson, Lufkin & Jenrette  
Securities Corporation  
140 Broadway  
New York, New York 10005-1285

June 9, 1995

Ladies and Gentlemen:

You have asked my opinion concerning the jurisdiction of the Department of Public Utilities of The Commonwealth of Massachusetts (the "Department") to approve the proposed issuance by Boston Gas Company (the "Company") of \$100,000,000 principal amount of long-term debt to be issued from time to time (the "Debt Securities"). You have also asked my opinion whether the Department has duly approved the issuance and sale of the Debt Securities.

The Company is subject to certain statutes of The Commonwealth of Massachusetts regulating utilities. Thus, the issuance of the Debt Securities by the Company, including the interest rate applicable thereto and the manner of sale of the Debt Securities, the Company's rates, accounting practices and territorial limits of the Company's service area, as well as substantial portions of its operations, financing, contracts, purchase of gas and relations with competitive or affiliated interests, are regulated by the Department.

Salomon Brothers Inc.

-2-

June 9, 1995

I have examined Chapter 164 of the General Laws of Massachusetts and the docket of the Department in the proceeding before the Department numbered D.P.U. 95-66, and other records of the Department. For purposes of this opinion, I have assumed the due issuance by the Department of an Order (the "Order") consistent with the requests of the Company in its petition in the aforesaid proceeding.

Based on the foregoing, I am of the opinion that:

1. The Department has jurisdiction to approve the proposed issuance of the Debt Securities by the Company, the rate or rates at which the Debt Securities shall bear interest and the sale of the Debt Securities pursuant to negotiated agency and purchase agreements without prior public invitation of proposals for the purchase thereof.
2. Upon issuance of the Order and upon the expiration of any appeal period relating thereto, the Department will have duly approved the issuance of the Debt Securities in the amount of \$100,000,000 at an interest rate of no greater than 12% per annum and will have granted an exemption from the provisions of Sections 15 and 15A of Chapter 164 of the General Laws of Massachusetts to the extent necessary to authorize the sale of the Debt Securities at less than the face amount thereof and pursuant to negotiated agency and purchase agreements without prior invitation of proposals for the purchase thereto.

I understand that this opinion is to be used in connection with the Registration Statement (Form S-3) under the Securities Act of 1933 with respect to the proposed issuance of the Debt Securities. I hereby consent to the filing of this opinion as an exhibit to said Registration Statement and to the use of my name therein and in the related Prospectus under the caption "Validity of Debt Securities". I also consent to the reliance upon this opinion by Ropes & Gray for purposes of their opinion also being filed as an exhibit to said Registration Statement.

Very truly yours,

/s/ Jennifer L. Miller  
Jennifer L. Miller

BOSTON GAS COMPANY  
COMPUTATION OF EARNINGS TO FIXED CHARGES  
(Dollars in Thousands)

<TABLE>  
<CAPTION>

Earnings	Year Ended December 31,					Twelve Months
	1990	1991	1992	1993	1994	Ended March 31, 1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income Before Interest Expenses	\$33,110	\$32,148	\$46,637	\$38,767	\$50,180	\$45,549
Add:						
Interest During Construction	1,343	2,537	823	583	894	791
Implied Interest Charges in Certain Leases	957	788	681	601	515	492
1/3 of All Rentals	1,315	1,499	1,697	1,952	2,156	2,210
State & Federal Taxes on Income	9,410	8,770	17,995	12,105	17,737	14,069
Total Earnings	\$46,135	\$45,742	\$67,833	\$54,008	\$71,482	\$63,111
Fixed Charges:						
Interest on Long-Term Debt	\$12,055	\$14,228	\$15,710	\$15,447	\$17,024	\$17,442
Other Interest	6,360	4,971	4,042	4,489	6,902	7,358
Implied Interest Charges in Certain Leases	957	788	681	601	515	492
1/3 of All Rentals	1,315	1,499	1,697	1,952	2,156	2,210
Total Fixed Charges	\$20,687	\$21,486	\$22,130	\$22,489	\$26,597	\$27,502
Ratio of Earnings to Fixed Charges	2.23	2.13	3.07	2.40	2.69	2.29

</TABLE>

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated January 27, 1995 included in Boston Gas Company's Form 10-K for the year ended December 31, 1994 and to all references to our Firm included in this registration statement.

/s/ Arthur Andersen LLP  
ARTHUR ANDERSEN LLP

Boston, Massachusetts  
June 12, 1995

## POWER OF ATTORNEY

We, the undersigned officers and directors of Boston Gas Company, hereby generally constitute J.F. Bodanza, W.J. Flaherty, L. William Law, Jr. and David B. Walek and each of them singly our true and lawful attorneys with full power to them, and each of them singly, to sign for us in our names in the capacities indicated below any and all amendments (including post-effective amendments) to the Registration Statement on Form S-3 to be filed with the Securities and Exchange Commission relating to the issue and sale of Debt Securities and generally to do all such things in our names and behalf and in our capacities as officers and directors as will enable Boston Gas Company to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission.

Witness our hand and common seal this 13th day of June, 1995.

Signature

Title

-----

-----

/s/ C.R. Messer

President (Principal Executive Officer)  
and Director

-----  
C.R. Messer

/s/ A.J. DiGiovanni

Senior Vice President and Director

-----  
A.J. DiGiovanni

/s/ J.F. Bodanza

Senior Vice President, Treasurer (Principal  
Financial and Accounting Officer) and  
Director

-----  
J.F. Bodanza

/s/ J.A. Ives

Director

-----  
J.A. Ives

/s/ R.R. Clayton

Director

-----  
R.R. Clayton

/s/ W.J. Flaherty

Director

-----  
W.J. Flaherty

SECURITIES ACT OF 1933 FILE NO: (IF APPLICATION TO DETERMINE ELIGIBILITY OF TRUSTEE FOR DELAYED OFFERING PURSUANT TO SECTION 305(b) (2)

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY AND QUALIFICATION UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)

THE FIRST NATIONAL BANK OF BOSTON (Exact name of trustee as specified in its charter)

04-2472499 (I.R.S. Employer Identification No.)

100 Federal Street, Boston, Massachusetts 02110 (Address of principal executive offices) (Zip Code)

Gary A. Speiss, Cashier and General Counsel 100 Federal Street, 24th Floor, Boston, Massachusetts 02110 (617) 434-2870 (Name, address and telephone number of agent for service)

BOSTON GAS COMPANY (Exact name of obligor as specified in its charter)

Massachusetts 04-1103580 (State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

ONE BEACON STREET 02108 BOSTON, MA (Zip Code) (Address of principal executive offices)

Medium Term Notes (Title of Indenture securities)

1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency of the United States, Washington, D.C. Board of Governors of the Federal Reserve System, Washington, D.C. Federal Deposit Insurance Corporation, Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.

Trustee is authorized to exercise corporate trust powers.

2. Affiliations with Obligor and Underwriters.

If the obligor or any underwriter for the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the Trustee.

(See Notes on page 2)

None with respect to Bank of Boston Corporation.

3. through 11. Not applicable.

12. Indebtedness of the Obligor to the Trustee

<TABLE>

<CAPTION>

COL. A NATURE OF INDEBTEDNESS -----	COL. B AMOUNT OUTSTANDING -----	COL. C DATE DUE -----
<S> \$90,000 Revolving Credit for which BKB serves as Agent	<C> Commercial Paper back-up facility. Zero usage anticipated	<C> 364 day facility with annual renewal. May be converted to a two year term facility at the option of the borrower.

</TABLE>

13. through 15. Not applicable.

16. List of Exhibits.

List below all exhibits filed as part of this statement of eligibility and qualification.

1. A copy of the articles of association of the trustee as now in effect.

A certified copy of the Articles of Association of the trustee is filed as Exhibit No. 1 to statement of eligibility and qualification No. 22-9514 and is incorporated herein by reference thereto.

2. A copy of the certificate of authority of the trustee to commence business, if not contained in the articles of association.

A copy of the certificate of T. McLean Griffin, Cashier of the trustee, dated February 3, 1978, as to corporate succession containing copies of the Certificate of the Comptroller of the Currency that The Massachusetts Bank, National Association, into which The First National Bank of Boston was merged effective January 4, 1971, is authorized to commence the business of banking as a national banking association, as well as a certificate as to such merger is filed as Exhibit No. 2 to statement of eligibility and qualification No. 22-9514 and is incorporated herein by reference thereto.

3. A copy of the authorization of the trustee to exercise corporate trust powers, if such authorization is not contained in the documents specified in paragraph (1) or (2) above.

A copy of a certificate of the Office of the Currency dated February 6, 1978 is filed as Exhibit No. 3 to statement of eligibility and qualification No. 22-9514 and is incorporated herein by reference thereto.

4. A copy of the existing by-laws of the trustee, or instruments corresponding thereto.

A certified copy of the existing By-Laws of the trustee dated December 23, 1993 is filed as Exhibit No. 4 to statement of eligibility and qualification No. 22-25754 and is incorporated herein by reference thereto.

5. The consent of the trustee required by Section 321(b) of the Act.

The consent of the trustee required by Section 321(b) of the Act is annexed hereto and made a part hereof.

6. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

A copy of the latest report of condition of the trustee published pursuant to

law or the requirements of its supervising or examining authority is annexed hereto as Exhibit 7 and made a part hereof.

NOTES

In answering any item in this Statement of Eligibility and Qualification which relates to matters peculiarly within the knowledge of the obligor or any underwriter for the obligor, the trustee has relied upon information furnished to it by the obligor and the underwriters, and the trustee disclaims responsibility for the accuracy or completeness of such information.

The answer furnished to Item 2 of this statement will be amended, if necessary, to reflect any facts which differ from those stated and which would have been required to be stated if known at the date hereof.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, The First National Bank of Boston, a national banking association organized and existing under the laws of The United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the Town of Canton and Commonwealth of Massachusetts, on the 9th day of June, 1995.

THE FIRST NATIONAL BANK OF BOSTON, Trustee

By: James Mogavero

-----  
James Mogavero

Authorized Officer

EXHIBIT 6

CONSENT OF TRUSTEE

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939 in connection with the proposed issue by Boston Gas Company of Medium Term Notes, we hereby consent that reports of examinations by Federal, State, Territorial, or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

THE FIRST NATIONAL BANK OF BOSTON, Trustee

By: James Mogavero

-----  
James Mogavero

Authorized Officer

EXHIBIT 7

CONSOLIDATED REPORT OF CONDITION, INCLUDING DOMESTIC AND FOREIGN SUBSIDIARIES,  
OF

THE FIRST NATIONAL BANK OF BOSTON

In the Commonwealth of Massachusetts, at the close of business on December 31, 1994. Published in response to call made by Comptroller of the Currency, under Title 12, United States Code, Section 161, Charter number 200. Comptroller of the Currency Northeastern District.

<TABLE>  
<CAPTION>

ASSETS

Dollar

Amounts in  
Thousands

<S>	<C>	<C>
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin.....		\$ 1,862,093
Interest-bearing balances.....		1,551,280
Securities.....		3,935,691
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBF's:		
Federal funds sold.....		758,937
Securities purchased under agreements to resell.....		0
Loans and lease financing receivables:		
Loans and leases, net of unearned income.....	\$25,796,462	
LESS: Allowance for loan and lease losses.....	534,630	
LESS: Allocated transfer risk reserve.....	0	
Loans and leases, net of unearned income, allowance and reserve.....		25,261,832
Assets held in trading accounts.....		840,348
Premises and fixed assets (including capitalized leases).....		398,475
Other real estate owned.....		48,504
Investments in unconsolidated subsidiaries and associated companies.....		103,670
Customers' liability to this bank on acceptances outstanding.....		304,031
Intangible assets.....		651,394
Other assets.....		1,170,251
		-----
Total Assets.....		\$36,886,506
		=====

LIABILITIES

Deposits:		
In domestic offices.....		\$14,924,310
Noninterest-bearing.....	\$ 4,035,673	
Interest-bearing.....	10,888,637	
In foreign offices, Edge and Agreement subsidiaries, and IBF's.....		9,998,764
Noninterest-bearing.....	570,582	
Interest-bearing.....	9,428,182	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBF's:		
Federal funds purchased.....		2,464,904
Securities sold under agreements to repurchase.....		277,077
Demand notes issued to the U.S. Treasury.....		364,045
Trading Liabilities.....		227,865
Other borrowed money.....		3,875,462
Mortgage indebtedness and obligations under capitalized leases.....		14,007
Bank's liability on acceptances executed and outstanding.....		305,512
Subordinated notes and debentures.....		979,167
Other liabilities.....		1,022,105
Total Liabilities		\$34,453,218
		=====
Limited-life preferred stock and equity capital		0
</TABLE>		

<TABLE>  
<CAPTION>

EQUITY CAPITAL

<S>	<C>	<C>
Perpetual preferred stock and related surplus.....	\$	0
Common stock.....		82,264
Surplus.....		987,524
Undivided profits and capital reserves.....		1,408,062
LESS: Net unrealized loss on marketable equity securities.....		(39,027)
Cumulative foreign currency translation adjustments.....		(5,535)
Total equity capital.....		2,433,288
		-----
Total Liabilities, Limited-life preferred stock, and equity...	\$36,866,506	
		=====

</TABLE>

I, Robert T. Jefferson, Comptroller of the above-named bank, do hereby

declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Robert T. Jefferson

February 13, 1995

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Charles K. Gifford  
Ira Stepanian  
J. Donald Monan  
Directors

February 13, 1995