

NSTAR BOARD OF TRUSTEES

Audit, Finance and Risk Management Committee

Charter

(Established by vote of the Board of Trustees dated May 1, 2003)

Purpose

The purpose of the Audit, Finance and Risk Management Committee is to appoint and oversee the independent public accountants; to review the short and long term financial requirements of the Company; to review the risk management and compliance programs of the Company; to assist the Board in carrying out its oversight responsibilities with respect to the integrity of the Company's financial statements, the independent public accountants' qualifications and independence, the performance of the independent public accountants and the performance of the Company's internal audit function.

Composition

The Committee shall be composed of outside trustees appointed by the Board. Members of the Committee shall satisfy the independence and experience requirements of the SEC and the New York Stock Exchange, as interpreted by the Board of Trustees in its business judgment. No member of the Committee may sit on more than three separate public company audit committees.

Duties

The duties of the Committee shall include:

1. Engaging or discharging the independent public accountants and approving the fees to be paid.
2. Overseeing the independent public accountants, such oversight to include:
 - (a) Evaluating annually the performance of the independent public accountants and the lead partner thereof.
 - (b) Pre-approving all auditing services and all permitted non-audit services provided by the independent public accountants.
 - (c) Reviewing, evaluating and discussing a periodic written report from the independent public accountants, which report shall be required to disclose all material relationships between the independent public accountants and the Company.
 - (d) Receiving a report from the independent public accountants detailing their internal quality control procedures and detailing any material issues raised by the independent public accountants' internal quality control review or peer review, or by any inquiry or investigation by governmental or professional

authorities within the preceding five years respecting any independent audits carried out by the firm.

- (e) Establishing hiring policies for employees or former employees of the independent public accountants.
3. Overseeing the Audit Process and the Company's Corporate Compliance Program, such oversight to include:
- (a) Evaluating and discussing with the internal auditors and the independent public accountants their annual audit plans, including the degree of coordination of the respective plans, subsequent changes to the plans, and progress in accomplishing the plans.
 - (b) Instructing the internal auditors and the independent public accountants that the Committee expects to be advised if there are any areas that require its special attention.
 - (c) Reviewing and discussing with management, the internal auditors and the independent public accountants the Company's system of internal controls and management's responses to recommendations for improvement in internal controls, and any special audit steps adopted in light of any material control deficiencies.
 - (d) Reviewing certifications signed by the Chief Executive Officer and the Chief Financial Officer in connection with any periodic reports filed by the Company with the SEC, and discussing with such individuals significant deficiencies, if any, in the design or operation of internal controls, and instances of fraud, if any, that involve management or other employees who have a significant role in the Company's internal controls.
 - (e) Receiving and reviewing a report by the independent public accountants discussing (i) all critical accounting policies and practices to be used; (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and (iii) other material written communications between the independent public accountants and management, such as any management letter or schedule of unadjusted differences.
 - (f) Reviewing with management and the independent public accountants the annual and quarterly financial statements and MD&A to be included in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, discussing the results of the annual audit and quarterly reviews and any other matters required to be communicated to the Committee by the independent public accountants under generally accepted auditing standards, and discussing management's response to any problems or difficulties.
 - (g) Reviewing and discussing earnings press releases, earnings guidance and other financial information provided to analysts and rating agencies.
 - (h) Discussing with management and the independent public accountants the selection of and any changes in the Company's critical accounting principles

and estimates, and the effects of alternative GAAP methods, off-balance sheet structures and regulatory and accounting initiatives.

- (i) Establishing procedures for the receipt, retention and treatment of complaints and confidential, anonymous submissions received by the Company regarding accounting, internal accounting controls or auditing matters.
4. Holding regularly scheduled meetings and such special meetings as circumstances dictate.
5. Meeting periodically, separately, with management, the internal auditors and the independent public accountants to discuss any matters that the Committee or any of these persons or firms believes should be discussed privately.
6. Assessing and discussing with management the Company's short and long-term financing requirements.
7. Assessing and discussing with management the Company's risk management policies and program and its Corporate Compliance Program.
8. Preparing the Committee report required to be included in the Company's annual proxy statement.
9. Reviewing and assessing the adequacy of the Committee's charter and submitting any recommended changes to the Board for approval.
10. Conducting an annual evaluation of the performance of the Committee and reporting the results thereof to the Board.
11. Reporting regularly to the Board.

Management is responsible for preparing complete and accurate consolidated financial statements for the Company in accordance with generally accepted accounting principles. The independent public accountants are responsible for performing independent audits of the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing reports thereon and are accountable to the Board and to the Committee. The Committee's role is to provide independent review and oversight of the Company's financial reporting processes, internal controls and independent public accountants. Each member of the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Company from which it receives information and the accuracy of the financial and other information provided to the Committee by such persons or organizations, absent actual knowledge to the contrary. In the event of such knowledge, this shall be reported promptly to the Board. It is not the responsibility of the Committee to plan or conduct audits, to conduct investigations, or to assure compliance with laws, regulations, or any internal rules or policies of the Company.

Authority and Resources

The Committee shall have the authority and resources to discharge its duties and responsibilities, including the authority to select and retain independent counsel and other advisers as it determines necessary. The authority to retain independent counsel does not preclude the Committee from seeking advice from internal counsel or the Company's outside counsel. The Committee shall also have the authority to direct an investigation into any matter related to the Company's business and affairs. The Committee shall determine, in its sole discretion, the level of funding to compensate the independent public accountants and any independent counsel or other advisors retained by the Committee.