

Citigroup Financial Products Inc.  
390 Greenwich Street Telephone: 212-723-6320  
New York, NY 10013 Facsimile: 212-723-8642



May 29, 2008

Transaction

Massachusetts Water Resources Authority  
Charlestown Navy Yard  
100 First Avenue  
Boston, MA 02129

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the transaction (the "Transaction") entered into between Citigroup Financial Products Inc. ("Party A") and Massachusetts Water Resources Authority ("Party B") on the Trade Date specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., the "Definitions") are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation shall supplement, form a part of, and be subject to, the Master Agreement, dated as of May 29, 2008 (including the Schedule thereto, the "Agreement"), between Party A and Party B. All provisions contained in such Master Agreement will govern this Confirmation except as expressly modified below.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Notional Amount: USD 119,335,000, reducing on the dates and in the amounts set forth in Annex I hereto.

Trade Date: May 29, 2008

Effective Date: May 29, 2008

Termination Date: November 1, 2026

FIXED AMOUNTS:

Fixed Rate Payer: Party B

Fixed Rate Payer Payment Dates: Monthly, on the first (1st) day of each calendar month, commencing on June 1, 2008 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Fixed Rate Payer Period End Dates: Monthly, on the first (1st) day of each calendar month, commencing on June 1, 2008 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Fixed Rate: 3.994%

REF: MS20031  
NYK 1161889-4.071371.0010

Fixed Rate Day Count Fraction 30/360

FLOATING AMOUNTS:

Floating Rate Payer: Party A

Floating Rate Payer Payment Dates: Monthly, on the first (1st) day of each calendar month, commencing on June 1, 2008 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Floating Rate Payer Period End Dates: Monthly, on the first (1st) day of each calendar month, commencing on June 1, 2008 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Floating Rate Option: The USD-BMA Municipal Swap Index (now known as the USD-SIFMA Municipal Swap Index).

Floating Rate Reset Date: Weekly, every Thursday (or any other day specified by The Securities Industry and Financial Markets Association), or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

Floating Rate Day Count Fraction: Actual/Actual

Floating Rate Method of Averaging: Weighted Average

Floating Rate Compounding: Inapplicable

Alternative Floating Rate Option: For each Calculation Period, the Alternative Floating Rate.

Alternative Floating Rate: 70.0% of USD-LIBOR-BBA

Designated Maturity: One Month

Alternative Floating Rate Reset Dates: The Alternative Floating Rate Date and each Floating Rate Payer Period End Date thereafter. As specified in the Definitions, the rate for each Reset Date shall be the rate which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on the day that is two London Banking Days preceding that Reset Date.

Alternative Floating Rate Day Count Fraction: Actual/360

Alternative Method of Averaging: Inapplicable

Alternative Floating Rate Date: Upon the occurrence of an Alternative Floating Rate Date, the Floating Rate Option shall be the Alternative Floating Rate Option. An "Alternative Floating Rate Date" shall occur upon the occurrence of an Event of Taxability.

Events of Taxability: Event of Taxability means (a) that by reason of enacted legislation, constitutional amendment, judicial decision or decree, or any order, ruling (public or private), regulation or official release of the Department of the Treasury or the Internal Revenue Service, or any successors thereto, the relationship between the USD-SIFMA Municipal Swap Index and USD-LIBOR-BBA (with a Designated Maturity of one month) has been substantially adversely affected (which shall mean that the 60-day average of the USD-SIFMA Municipal Swap Index as a percentage of the 60-day average of USD-LIBOR-BBA with a Designated Maturity of one month has

exceeded 80.00% or the 90-day average of the USD-SIFMA Municipal Swap Index as a percentage of the 90-day average of USD-LIBOR-BBA with a Designated Maturity of one month has exceeded 75.00%) or (b) the maximum marginal federal income tax rate applicable to income or interest from corporate and/or U.S. Government debt instruments is less than 25.00%.

Business Days:

New York

3. **Optional Termination.** Party B may, on any Business Day prior to the Termination Date (the "Optional Termination Date"), terminate and cash settle this Transaction by providing at least five (5) Business Days prior written notice to Party A. The amount due with respect to any such termination shall be determined by Party A in its sole discretion. If Party B elects to dispute such amount, the amount due with respect to such termination shall be determined pursuant to Section 6 of the Master Agreement as if (a) the Optional Termination Date is the Early Termination Date, (b) Party B is the sole Affected Party (for all purposes other than an election to terminate), (c) this Transaction is the sole Affected Transaction, and (d) Market Quotation and Second Method are selected for purposes of Payments on Early Termination. Party B agrees that it shall not optionally terminate this Transaction unless (i) it has or will have on the Optional Termination Date, sufficient funds available to pay any Settlement Amount which may be due and payable as a result of such early termination, and (ii) if Party B has any other Transactions in full force and effect with Party A and Party B is not simultaneously terminating each such other Transaction, such optional termination of this Transaction will not result in a violation of Party A's credit practices or policies or exposure limitations, in the sole discretion of Party A. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued and unpaid amounts that would otherwise be due on the Optional Termination Date.

4. **Account Details.**

Payments to Party A:

JP MORGAN CHASE BANK, NEW YORK  
ABA#: 021-000-021  
SWIFT: CHASUS33  
A/C OF: CFPI  
SWIFT: SBHDUS33  
ACCOUNT NO: 930-1-031309  
REF: MS20031

Payments to Party B:

ABA: 011000028  
ACC: 99039901  
FC A/C 121123-010

5. **Related Termination Agreement.** The parties agree that in consideration of the termination of the insured Transaction entered into between Party B and Salomon Swapco Inc ("Swapco") on December 9, 1998 and subsequently amended as of January 22, 1999 and bearing the Reference Number Z2470 (the "Terminated Transaction"), and in complete satisfaction of all obligations of Party B and Swapco in respect of the Terminated Transaction and in lieu of the payment by Party B of any amount in connection with the termination of the Terminated Transaction, Party A and Party B have agreed to enter into this Transaction.

If you have any questions regarding this letter agreement, please contact the Swap Operations Department in New York at 212-723-6320.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

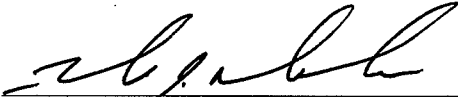
Yours sincerely,

CITIGROUP FINANCIAL PRODUCTS INC.

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

Confirmed as of the  
date first above written:

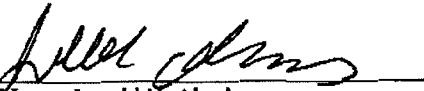
MASSACHUSETTS WATER RESOURCES AUTHORITY

By:   
Name: THOMAS J. DURKIN  
Title: TREASURER

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

CITIGROUP FINANCIAL PRODUCTS INC.

By:   
Name: Jerrold H. Abrahams  
Title: Managing Director

Confirmed as of the  
date first above written:

MASSACHUSETTS WATER RESOURCES AUTHORITY

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

ANNEX I  
to Confirmation dated May 29, 2008,  
between Citigroup Financial Products Inc.  
and Massachusetts Water Resources Authority

| <u>Reduction Date</u> | <u>Notional Amount Reduction (USD)</u> | <u>Remaining Notional Amount (USD)</u> |
|-----------------------|--|--|
| November 1, 2008      | 2,700,000                              | 116,635,000                            |
| November 1, 2009      | 3,420,000                              | 113,215,000                            |
| November 1, 2010      | 900,000                                | 112,315,000                            |
| November 1, 2011      | 3,600,000                              | 108,715,000                            |
| November 1, 2012      | 3,720,000                              | 104,995,000                            |
| November 1, 2013      | 3,840,000                              | 101,155,000                            |
| November 1, 2014      | 4,020,000                              | 97,135,000                             |
| November 1, 2015      | 4,200,000                              | 92,935,000                             |
| November 1, 2016      | 4,317,000                              | 88,618,000                             |
| November 1, 2017      | 15,003,000                             | 73,615,000                             |
| November 1, 2018      | 15,600,000                             | 58,015,000                             |
| November 1, 2019      | 16,200,000                             | 41,815,000                             |
| November 1, 2020      | 10,380,000                             | 31,435,000                             |
| November 1, 2021      | 4,740,000                              | 26,695,000                             |
| November 1, 2022      | 4,920,000                              | 21,775,000                             |
| November 1, 2023      | 5,100,000                              | 16,675,000                             |
| November 1, 2024      | 5,340,000                              | 11,335,000                             |
| November 1, 2025      | 5,520,000                              | 5,815,000                              |
| November 1, 2026      | 5,815,000                              | 0                                      |