

## PROMISSORY NOTE

MARCH 1, 2010

US \$4,000,000.00

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC. (the "Company"), a New Hampshire corporation with an address of One Merrill Industrial, Hampton, New Hampshire 03842, hereby promises to pay, upon the terms and subject to the provisions hereof, to Aquarion Company, a Delaware corporation with a mailing address of 835 Main Street, Bridgeport, Connecticut 06604 (the "Holder"), or to any holder, the principal amount of Four Million Dollars (\$4,000,000.00) in lawful money of the United States of America with interest thereon from the date hereof at the Interest Rate as defined below. This Promissory Note (this "Note") is being delivered in connection with, and in consideration for, that certain loan, in an amount equal to the original principal amount of this Note, made by the Holder to, and hereby acknowledged by, the Company as of the date of this Note.

1. Payment of Principal and Interest. Upon the terms and subject to the provisions hereof, on the fifth (5<sup>th</sup>) anniversary of the date hereof (the "Maturity Date"), the entire principal amount of this Note then outstanding, plus all accrued and unpaid interest hereon which is then unpaid shall be due and payable by the Company to the Holder of this Note. This Note may be prepaid without penalty or premium, from time to time, by the Company, in part or in whole. Any prepayments of any portion of the principal amount of this Note shall be accompanied by payment of all interest accrued but unpaid hereunder. Interest shall accrue on the unpaid principal amount of this Note from the date hereof at the rate of 4.62% per annum ("Interest Rate"). The Company shall pay interest semi-annually in arrears on or before March 1 and September 1 of each year so long as any amount remains outstanding under this Note (each, an "Interest Payment Date"), commencing on September 1, 2010. Interest on this Note will be calculated on the basis of a 360-day year consisting of twelve 30-day months, with payments of principal made by the Company hereunder taken into account in calculating the accrual of such interest. Payment made by the Company shall be credited first to the accrued but unpaid interest due and the remainder applied to principal.

2. Events of Default.

(a) The following events shall constitute an "Event of Default" under this Note:

(i) the Company shall fail to make any payment of the principal on this Note when the same shall become due and payable, whether at maturity or otherwise;

(ii) the Company shall fail to make any payment of any interest on this Note for more than ten (10) days after written notice that the same has become due and payable; or

(iii) (A) the Company shall commence any case, proceeding or action (x) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or (y) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, (B) the Company shall make an admission in writing of its inability to pay its debts generally or make a general assignment for the benefit of its creditors or (C) the institution of any proceeding against the Company seeking to adjudicate the Company a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of the Company or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for the Company or for any substantial part of its property and, in the case of any such proceeding instituted against the Company that is being diligently contested by the Company in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days.

(b) Remedies. If an Event of Default shall occur and be continuing, then the Holder may declare the entire principal amount outstanding under this Note (together with accrued and unpaid interest) and all other amounts owing under this Note (collectively, the "Default Amount") to be immediately due and payable to the Holder by the Company; *provided, however*, that upon the occurrence of any event described in clause (a)(iii) above, the entire principal amount of this Note shall be immediately due and payable without notice or any other action by the holder of this Note; whereupon in either case the entire principal amount of this Note outstanding and any accrued and unpaid interest hereunder shall become due and payable without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. No delay or failure by the holder of this Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future exercise thereof or the exercise of any other right or remedy.

### 3. Payments.

(a) All payments of principal and interest of this Note shall be made in cash by lawful money of the United States of America in same day funds to a bank account designated in writing to the Company for such purpose, no later than 4:00 P.M. (New Hampshire time) on the date specified herein.

(b) Whenever any payment or delivery to be made hereunder shall be due on a date that is not a Business Day (as defined below), such payment or delivery shall instead be made on the next succeeding Business Day. The term "Business Day"

shall mean any date that is not a Saturday, Sunday or other day on which banks are required or authorized by law to be closed in the State of Connecticut.

4. Amendment or Waiver. No amendment or waiver of any provision of this Note, nor any consent to any departure by the Company from any such provision shall in any event be effective unless the same shall be in writing and signed by the Holder. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

5. Cancellation. After all unpaid principal and interest owed on this Note have been paid in full; this Note shall be surrendered to the Company for cancellation and shall not be reissued.

6. Assignment. The Holder of this Note shall not be entitled, without obtaining the prior written consent of the Company, as determined in the Company's sole discretion, to assign this Note or its interest in this Note in whole or in part. Notwithstanding the foregoing, the Holder shall be permitted, without obtaining the consent of the company, to assign this Note to an entity that is, directly or indirectly, controlled by, controls or under common control with the Holder. Subject to obtaining such consent of the Company, upon surrender of this Note to the Company with an appropriate assignment and funds sufficient to pay any transfer tax, if applicable, the Company shall, without charge, execute and deliver a new Note in the name of the assignee or assignees named in such instrument of assignment, and this Note shall promptly be cancelled. Subject to the foregoing, the rights and obligation of the Company and the Holder shall be binding upon and be for the benefit of the successors, assigns, heirs, administrators and transferees of the parties hereto.

7. Notices. Any notice or other communication given under this Note shall be deemed sufficient if [in writing and sent by facsimile with written confirmation of receipt and a copy of the notice sent by overnight courier or if delivered by hand against written receipt therefore, to the Company at the address indicated above, or to the Holder at the address indicated above, or in either case such other person or address as shall have been given by notice in accordance with this Section 7. Notices shall be deemed to have been given on the date of actual receipt by the recipient.

8. Payment of Expenses. All costs, fees and expenses incurred in connection with the negotiation and execution of this Note and the consummation of the transactions contemplated hereby shall be borne by the party incurring such costs, fees and expenses.

9. Governing Law. THIS NOTE SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW HAMPSHIRE, WITHOUT REFERENCE TO ANY PRINCIPLES OF CONFLICTS OF LAW THEREOF.

10. Submission to Jurisdiction. The parties hereby irrevocably submit to the exclusive jurisdiction of the state courts of the State of New Hampshire for the purpose of any litigation or proceeding between and among the parties hereto arising in whole or in part under or in connection with this Note, and the parties hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such court. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suite on the judgment or in any other manner provided by applicable law.

11. Descriptive Headings; Construction. The descriptive headings of this Note are inserted for convenience only and do not constitute a part of this Note. Whenever used, the singular shall include the plural and the plural shall include the singular.

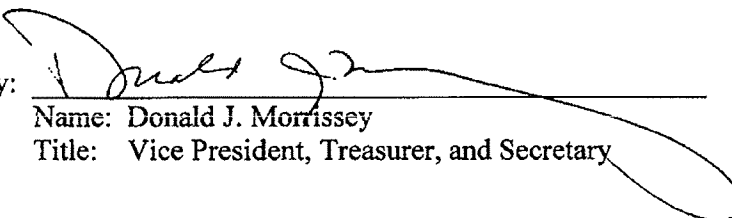
12. Interpretation. This Note and the provisions contained herein shall not be construed or interpreted for or against the Company or the Holder because that party drafted or caused that party's legal representative to draft any of its provisions.

13. No Third Party Beneficiaries. Nothing in this Note shall be deemed or construed to give any person, other than the Company and the Holder and their respective successors and assigns any legal or equitable rights hereunder.

14. No Recourse Against Others. A director, officer, employee, shareholder or member of the Company, as such, shall not have any liability for any obligations of the Company under this Note or for any claim based on, in respect of or by reason of such obligations or their creation. The Holder by accepting this Note waives and releases all such liability. This waiver and release are part of the consideration for the issuance of this Note.

IN WITNESS WHEREOF, the Company has caused this Note to be executed on the date first written above.

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC

By:   
Name: Donald J. Morrissey  
Title: Vice President, Treasurer, and Secretary