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Industry: **WATER UTILITIES**

Coverage:

Ticker	Rating	Price
AWR	NEUTRAL	\$34.07
CWT	NEUTRAL	\$37.41
WTR	NEUTRAL	\$21.59

Water Utilities Conference Takeaways

- We attended the 14th Annual Water Utilities Conference hosted by the New York Society of Securities Analyst (NYSSA) on Wednesday in New York City. Of those companies under coverage, management from AWR, CWT, and WTR were in attendance.
- Discussions focused primarily on current market drivers and the future of water utilities as a whole, thereby offering an opportunity for investors to better understand the industry as a whole.
- In the following report we broadly discuss the background of the water utilities industry and key growth drivers, including rate cases and the acquisition pipeline.
- WTR expects to close on at least a half dozen acquisitions in the coming weeks. The amount would put the company at the low end of its forecast of 20-30 acquisitions for the year. The company also expects to bid on the 32 water and wastewater assets the Lower Colorado River Authority (LRCA) intends to put up for sale in the coming months. We note those systems had combined revenues of \$32M in FY09.
- WTR expects capex of \$310M in FY10, above its \$300M forecast for the year. The company expects to invest a similar amount in FY11 and \$1.5B over the next five years.
- We are maintaining our NEUTRAL ratings on AWR, CWT and WTR shares.

IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX.



DISCUSSION OF DETAILS

We attended the 14th Annual Water Utilities Conference hosted by the New York Society of Securities Analyst (NYSSA) on Wednesday in New York City. The conference was an opportunity for investors to better understand the industry's current market drivers and the future of regulated water utilities companies, along with how each of the companies in attendance participates in the industry and what sets each apart from the other. In particular, conference participants discussed supply and demand, investment in infrastructure, environmental and local regulation, and advancements in water related technologies. The presentations by CWT CEO Peter Nelson, AWR CEO Robert Sprowls and WTR Chairman, President and CEO Nicholas DeBenedictis all emphasized these points. Representatives from Middlesex Water (MSEX, NR), Consolidated Water (CWCO, NR), Artesian Resources (ARTNA, NR), the York Water Company (YORW, NR), Pure Cycle (PCYO, NR) and Connecticut Water Services (CTWS, NR) also hosted their own presentations.

We offer a summary of the industry as discussed at the conference below:

A Highly Fragmented Industry Offering a Valuable Commodity

Water utilities, in essence, are regulated monopolies that are granted permission by State Public Utility Commissions (PUCs) to provide water and wastewater services in their operating area. What this does do is provide a continued basis of business and demand for what is increasingly viewed as a valuable commodity. The industry is highly fragmented and dominated largely by municipalities - approximately 84% of all water systems and 98% of all wastewater systems are municipally owned, though some do rely on private contractors for various services, including operations and maintenance. As a result, the water utilities industry is a niche industry with only a few publically-traded players with a total market cap of ~\$9.3B. Due to market fragmentation, significant barriers to entry, and economies of scale gained through the size of a company's operation, industry participants noted that competition is expected to remain non-existent should the industry deregulate in the future.

A Quick Reminder on How Water Utilities Operate

While regulated water utilities have what is believed to be a relatively simple business model – get water from point A to B – the industry is quite complex and requires considerable knowledge of both how water systems operate as well as a comprehensive understanding of the regulatory process in each state of operation. Nevertheless, in general, the utilities collect water from surface and groundwater sources, bulk-water suppliers, or in some instances through desalination, and then treat it in compliance with EPA standards. Once treated, the water is then distributed to residences, businesses, industries and other public consumers. Those utilities that offer wastewater services will collect wastewater from their customers and treat it to meet required effluent standards prior to releasing it into the system. Rates – or the revenues derived from services provided – are set by state regulators. As a result, the principal differentiator among publically traded companies is based on geographic positioning, or more specifically how favorable/unfavorable a particular state's regulators may be. Furthermore, in some instances regulated water utilities may also derive a portion of their revenues from a non-regulated business, generally operations and maintenance or support functions such as billing, collections and lab testing services for municipally-owned water systems.



A Continued Focus on M&A

A key tenet of investing in water utilities, aside from historically stable returns and consistent dividend streams, is the assumption that many years of inadequate infrastructure spending by municipalities will result in large investment needs in the future in order to maintain EPA compliance, which may result in municipalities selling their water assets to publically-traded companies in order to avoid large capex. Indeed, it is widely believed that municipalities may look to shed their water assets to reduce budget deficits, raise funds for other uses, or simply to avoid large capital spending programs in the coming years. Nevertheless, recent acquisitions have generally been “tuck-ins” of smaller systems that serve a few thousand customers. Conference participants noted that while the pipeline of potential acquisitions remains full, most municipalities have been hesitant to place their assets on the auction block due in large part to local bureaucracies and rate payer backlash. We anticipate most acquisitions will likely continue to be of smaller private utilities selling out to publicly traded names, as municipalities may choose to hold on to water assets given predictable returns and a perception that government agencies are better equipped to service the public good than is the private sector.

Outside of growth through acquisition, water utilities look to position themselves in high growth markets, specifically the south, where they are able to benefit from incremental customer connections due to population growth (ie: organic growth). In particular, WTR remains focused on expanding its presence in Texas (discussed below). The risk involves buying previously underperforming assets and navigating the political environment to secure rate increases with public utility commissions that may be historically conservative.

Economic Regulation

As mentioned previously, publically-traded water and wastewater utilities are regulated by state PUC's, with policies differing by state. The PUC's allow the utilities to operate a monopoly while at the same time protect rate payers by setting the rates that the utilities are allowed to charge for their services. Rates differ in each rate division and are established to allow the utilities to recover all their expenses, including operating costs, interest, depreciation, and taxes. The rates also allow the utilities to earn a fixed rate of return on the equity portion of their investment. We note that regulators also regulate a utilities capital structure (Equity/Capital, usually 45-50%). While the utilities are given the right to earn an allowed ROE, their realized ROE is often lower due to the lag between rate increases, variations in consumption, and other factors. In general, it is easier to earn the allowed ROE in those states with the most streamlined and favorable regulatory environments, specifically California due to rate mechanisms that reduce regulatory lag. Depending on the state, the allowed return is usually between 9% and 11%.

We also spoke with WTR:

WTR

Acquisitions: WTR has completed 15 acquisitions YTD and Chairman, President and CEO Nicholas DeBenedictis noted in his remarks that WTR will close on at least a half-dozen acquisitions in the coming weeks, including a sizable operation in Texas with over 1,000 customers. The amount would put the company at the low end of its forecast of 20-30 acquisitions for the year. Management noted that it expects to be an active bidder in the 32 water and wastewater systems the Lower Colorado River Authority (LRCA) intends to put up for bidding in the coming months. We note that the LRCA's assets generated \$36M in revenues in FY09. WTR completed 18 acquisitions in the whole of 2009, a low amount by historical standards. Overall, we expect 1.5-



2.0% customer growth through acquisition over the next several years to go towards offsetting declines in water usage due to conservation efforts.

Capex: Management expects FY10 capex of \$310M, above its \$300M forecast for the year. The company expects to invest a similar amount in FY11 and \$1.5B over the next five years. In that the company is generating 80-85% of its cash internally, there is no immediate need to issue equity to fund its capex program.

Solar Farm Investments: In that water treatment is energy intensive, WTR recently completed a 4.5 acres 1.1 MW solar farm that is capable of fully serving one of its plant's energy needs and generates enough excess energy that the company is able to, sell an additional 300 kW back to the grid. Management expects to invest in additional solar plants in those markets with stable water demand, specifically those markets where WTR serves large institutions with signs of staying power, such as colleges, hospitals and prisons. Given the company's low cost of capital and the incremental benefit for the ratepayer, we would expect WTR to continue its strategic rollout of solar farms.

Cost of Capital: WTR's weighted-average cost of long-term fixed-rate debt was 5.49% at the end of FY09. Management believes it will be able to reduce its cost of debt by 10bp in the coming quarters.

INVESTMENT THESES

CWT

We rate California Water Service Group (CWT) shares NEUTRAL. The shares are currently trading at 17.0x our FY11E EPS of \$2.20, on the low end of the 16-20x trading range of recent years. Without any further identifiable catalysts, we have difficulty seeing opportunities for multiple expansion going forward toward the company's long run historical average of 20x-21x forward P/E.

WTR

We rate WTR shares NEUTRAL. While we are encouraged by the potential for earnings growth from improved ROEs under systems that were acquired in the southern states in 2003-04, as well as the resumption of acquisition activity, we believe shares are fairly valued at these levels. Shares are currently trading at 23.8x our FY10E EPS of \$0.92 and 22.2x our FY11E EPS of \$0.99 which is a discount to the company's historical 23x average. While we believe WTR should be valued at a premium given the company's size and operational efficiency (the O&M ratio is currently industry leading), we see less upside given valuations are reflecting historically in-line multiples.

AWR

We rate AWR shares NEUTRAL. While the shares, at 17.4x FY11E of \$2.15 are trading at a discount to the company's historical P/E of 20x, on a relative basis, it is trading at a discount to others within our coverage group. Our estimates include an average ROE of 9.4% in FY10E and 10.1% FY11E vs. the company's historical 8.8% average. This is driven by an expectation of increased capital spending to \$75-80M in FY10, or 3% increase over FY09 levels. However, we believe much of AWR's upside is related to the upcoming decision in its GRC for Regions II and III which we believe is largely priced into the shares. While we see limited downside risk, we also see a lack of catalyst other than valuation as well.



VALUATION

CWT

CWT shares closed yesterday at \$37.41, which is 19.6x our FY10E EPS of \$1.91 and 17.0x our FY11E EPS of \$2.20. The shares are trading at a discount to the company's historical normalized 21x average and normalized range of 17-27x forward P/E.

WTR

WTR shares closed Friday at \$21.59 which is 23.4x our FY10E EPS of \$0.92 and 21.6x our FY11E EPS of \$1.00. The shares are trading at a discount to the company's historical 23x average, though within the normalized range of 20-30x forward P/E.

AWR

AWR shares closed yesterday at \$34.07. At 19.2x our FY10E EPS of \$1.78 and 15.9x FY11E of \$2.15, AWR shares are trading at a discount to its last ten-year average forward P/E of 20x as well as to the current peer group average of 20.3x FY11E.

RISKS

CWT

Potential downside risks to our investment thesis, rating and estimates include, but are not limited to: 1) lower rate increase approvals by the California Public Utility Commission (CPUC) than our expectation, 2) near-term run up in pension, legal, conservation and maintenance expenses, and 3) large acquisition(s) at excessive valuation(s) (significantly above the rate base).

Potential upside risks include: 1) Valuations that are a sharp discount historical trends, accelerated revenue growth from favorable rate case decisions, acceleration in capital spending, continued cost management that results in margin expansion.

WTR

Potential downside risks to our investment thesis include, but are not limited to: 1) a delay in rate case processing or lower rate increases by the regulators than our expectations, 2) a significant revenue loss from lower water demand caused by weather or economic conditions, 3) a significant increase in input costs, including electricity, fuel, chemical and purchase water prices, and 4) large acquisition(s) at excessive valuation(s) (significantly above the rate base).

Potential upside risks to our investment thesis include, but are not limited to: 1) favorable rate case approvals above our expected ROE, 2) weather conditions leading to near-term revenue increases, and 3) a pullback in input costs.

AWR

The potential downside risks to our investment thesis, rating and estimates include, but are not limited to: 1) lower rate increase approvals by the CPUC than our expectation, 2) increases in raw material costs, and 3) an acquisition of a large water system by the local government through eminent domain.

The potential upside risks include, but are not limited to: 1) favorable rate case approvals, and 2) the commencement of the large "special" construction project at Ft. Bragg, North Carolina, or any other base.



American States Water (AWR)
Annual Earnings Statement
(dollars in millions, except per share data)

<i>Income Statement</i>	2005A	2006A	2007A	2008A	2009A	2010E	2011E
Water	205.5	219.2	237.9	247.9	270.7	280.5	306.4
Electric	27.2	29.3	28.6	28.4	28.9	36.0	38.4
Contracted Services	3.5	20.1	34.9	42.4	59.1	75.0	76.0
Total Revenue	236.2	268.6	301.4	318.7	361.0	391.5	420.8
Expenses							
Supply Costs	71.9	76.2	78.2	80.9	93.2	99.7	103.9
Gen. & Admin. expenses	44.3	47.1	52.6	62.7	70.1	70.2	73.8
Other O&M	32.0	36.4	43.2	46.4	47.0	48.1	52.8
ASUS Construction Expenses		9.0	22.1	23.9	33.7	39.5	43.8
Gain on sale of water rights/property	0.0	(0.3)	(0.6)	0.0	0.8	0.0	0.0
Unrealized loss on purch power contracts	(5.4)	7.1	(2.1)	(1.6)	(0.0)		
Total Operation & Maintenance	142.8	175.6	193.4	212.3	244.9	257.5	274.3
Depreciation & Amortization	21.9	26.3	28.9	31.6	33.6	34.2	36.2
General Taxes	9.3	10.2	11.3	12.3	13.1	13.9	14.2
Total Expenses	174.0	212.0	233.6	256.2	291.5	305.6	324.7
Income from Operations	62.3	56.6	67.7	62.5	69.5	85.9	96.2
Operating Margin	26.4%	21.1%	22.5%	19.6%	19.3%	21.9%	22.8%
Other Inc. (loss)	(0.0)	0.5	0.30	(7.6)	0.2	0.1	0.0
EBIT	62.2	57.1	68.0	54.9	69.7	85.9	96.2
EBIT (%)	26.3%	21.2%	22.6%	17.2%	19.3%	22.0%	22.8%
Interest Expense	13.6	18.3	19.21	19.5	21.4	22.2	24.0
Income Before Taxes	48.6	38.8	48.8	35.4	48.4	63.7	72.2
Provision for Income Taxes	21.9	15.7	20.8	13.4	18.8	27.4	31.7
Implied TaxRate	45.0%	40.5%	42.6%	37.8%	38.9%	42.9%	44.0%
Net Income	26.7	23.1	28.0	22.0	29.5	36.4	40.4
EPS (fully diluted, ex.one-time items)	1.16	1.44	1.56	1.56	1.64	1.78	2.15
Weighted Avg. Shares	16.8	17.1	17.2	17.4	18.2	18.7	18.8
Financial Summary (values in %)							
Water revenue growth	2.4%	6.7%	8.5%	4.2%	9.2%	3.6%	9.3%
Electric revenue growth	6.4%	7.5%	-2.4%	-0.5%	1.8%	24.6%	6.7%
Other	96.1%	477.9%	73.5%	21.3%	39.6%	26.8%	1.4%
Total Revenue growth	3.6%	13.7%	12.2%	5.8%	13.3%	8.4%	7.5%
Operations & Maintenance/Revenue	60.4%	65.4%	64.2%	66.6%	67.8%	65.8%	65.2%
Supply Costs/Revenue (excl. Military Base)	30.9%	30.7%	29.4%	29.3%	31.1%	31.5%	30.1%
Gen. & Admin./Revenue	18.7%	17.5%	17.5%	19.7%	19.4%	17.9%	17.5%
Other O&M/Revenue	13.5%	13.5%	14.3%	14.6%	13.0%	12.3%	12.5%
General Taxes/Revenue	4.0%	4.1%	4.2%	4.5%	4.4%	4.4%	4.1%
(Dep + Amort)/Revenue	9.3%	9.8%	9.6%	9.9%	9.3%	8.7%	8.6%
Interest Expense/Revenue	5.8%	6.8%	6.4%	6.1%	5.9%	5.7%	5.7%
Average ROE	10.4%	8.4%	9.6%	7.2%	8.6%	10.3%	11.2%
EPS growth, excluding one-time items	9.4%	24.1%	8.3%	0.0%	5.0%	8.5%	20.8%

Source: American States Water and Longbow Research
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American States Water (AWR)
Quarterly Earnings Statement
(dollars in millions, except per share data)

	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E
Income Statement																				
Water	50.3	60.8	65.4	61.3	52.1	65.4	69.4	61.1	56.8	74.2	76.1	63.7	57.9	72.8	82.6	67.2	66.6	81.5	89.4	68.9
Electric	8.9	6.3	6.3	7.2	8.8	6.2	6.7	6.7	8.6	5.9	6.6	7.8	11.0	7.8	7.9	9.3	11.6	8.4	8.5	9.9
Contracted Services	13.1	12.2	4.1	5.6	8.1	8.7	9.2	16.4	14.2	13.5	16.6	14.8	21.4	14.8	20.7	18.0	21.0	15.0	21.0	19.0
Total Revenue	72.3	79.2	75.8	74.0	68.9	80.3	85.3	84.2	79.6	93.6	99.3	86.3	90.3	95.4	111.3	94.5	99.2	104.9	118.9	97.9
Expenses																				
Supply Costs	16.8	19.0	22.6	19.8	16.1	20.5	24.2	20.0	19.9	23.5	27.8	21.5	20.0	25.8	31.6	22.2	23.8	26.5	31.0	22.5
Gen. & Admin. expenses	13.0	13.7	11.8	14.2	14.8	14.9	16.3	16.6	16.9	15.5	16.8	20.7	18.9	16.6	17.3	17.5	17.8	17.5	20.0	18.5
Other O&M	9.6	10.9	10.9	11.8	11.8	11.8	11.4	11.4	11.2	11.1	11.4	13.0	11.1	11.6	12.1	13.2	13.4	12.8	12.9	13.7
ASUS Construction Expenses	9.1	8.3	1.9	2.9	3.9	4.4	5.1	10.4	8.4	7.8	9.3	8.2	8.2	8.6	12.4	10.3	12.0	8.6	12.8	10.5
Gain on sale of water rights/property	(0.4)	(0.2)	0.0	0.0					(0.0)				(0.0)	0.01						
Unrealized loss(gain) on purch pwr contracts	(2.7)	0.2	0.9	(0.5)	(2.8)	(1.7)	3.7	(0.8)												
Total Operation & Maintenance	45.4	51.9	48.1	48.1	43.8	50.1	60.8	57.7	56.4	57.9	65.3	63.4	58.2	62.7	73.4	63.2	67.0	65.4	76.8	65.1
Depreciation & Amortization	7.1	7.1	7.4	7.3	7.8	7.8	7.9	8.1	8.4	8.4	7.9	8.4	8.8	8.4	8.4	8.6	8.8	9.0	9.1	9.3
General Taxes	2.9	2.8	2.8	2.7	2.9	2.8	3.5	3.1	3.4	2.7	3.5	3.4	3.7	3.3	3.6	3.4	3.5	3.5	3.6	3.6
Total Expenses	55.4	61.8	58.3	58.1	54.5	60.7	72.1	68.9	68.2	69.0	76.7	75.2	70.7	74.3	85.4	75.2	79.3	77.9	89.5	78.1
Income from Operations	16.9	17.5	17.5	15.9	14.5	19.6	13.1	15.3	11.4	24.5	22.7	11.1	19.6	21.1	25.9	19.3	19.9	27.1	29.4	19.8
Operating Margin	23.3%	22.0%	23.1%	21.5%	21.0%	24.4%	15.4%	18.2%	14.3%	26.2%	22.8%	12.9%	21.7%	22.1%	23.3%	20.4%	20.1%	25.8%	24.7%	20.2%
Other Inc. (loss)	0.1	(0.1)	0.1	0.1	0.1	0.0	(0.03)	(7.7)	(0.0)	0.1	0.0		0.1		0.0					
EBIT	16.9	17.4	17.6	16.0	14.6	19.6	13.1	7.6	11.4	24.6	22.7	11.1	19.6	21.1	25.9	19.3	19.9	27.1	29.4	19.8
EBIT (%)	23.4%	21.9%	23.2%	21.6%	21.1%	24.4%	15.4%	9.0%	14.3%	26.3%	22.9%	12.9%	21.8%	22.1%	23.3%	20.4%	20.1%	25.8%	24.7%	20.2%
Interest Expense	4.9	5.0	4.8	4.5	5.0	4.5	5.1	4.8	5.1	5.4	5.7	5.1	5.1	5.8	5.4	6.0	6.0	6.0	6.0	6.0
Income Before Taxes	12.0	12.4	12.9	11.4	9.6	15.1	8.0	2.8	6.3	19.2	17.0	6.0	14.6	15.3	20.5	13.3	13.9	21.1	23.4	13.8
Provision for Income Taxes	5.0	5.2	5.2	5.3	4.3	5.8	3.4	(0.1)	1.4	7.7	7.1	2.6	6.1	6.5	8.9	5.9	6.1	9.3	10.3	6.1
Implied TaxRate	41.8%	42.0%	40.7%	46.6%	44.5%	38.4%	42.9%	-3.2%	21.7%	40.2%	41.8%	43.5%	41.7%	42.5%	43.5%	44.0%	44.0%	44.0%	44.0%	44.0%
Net Income	7.0	7.2	7.6	6.1	5.3	9.278	4.6	2.9	4.9	11.5	9.9	3.4	8.5	8.8	11.6	7.5	7.8	11.8	13.1	7.7
Preferred Dividends	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	7.0	7.2	7.6	6.1	5.3	9.3	4.6	2.9	4.9	11.5	9.9	3.4	8.5	8.8	11.6	7.5	7.8	11.8	13.1	7.7
EPS (fully diluted)	0.40	0.42	0.44	0.35	0.30	0.53	0.26	0.16	0.28	0.64	0.53	0.18	0.45	0.47	0.35	0.40	0.42	0.63	0.69	0.41
EPS (fully diluted, ex one-time items)	0.31	0.43	0.47	0.35	0.30	0.47	0.39	0.40	0.28	0.64	0.53	0.18	0.29	0.47	0.62	0.40	0.42	0.63	0.69	0.41
EPS exthe impact of pp contract derivative		0.44	0.47																	
Weighted Avg. Shares	17.1	17.1	17.2	17.3	17.4	17.3	17.3	17.4	17.4	18.0	18.6	18.7	18.7	18.7	18.7	18.8	18.8	18.8	18.8	18.9
Financial Summary (values in %)																				
Water revenue growth	4.5%	14.5%	0.7%	15.6%	3.5%	7.5%	6.0%	-0.3%	9.0%	13.4%	9.7%	4.2%	1.9%	-1.8%	8.6%	5.5%	15.1%	12.0%	8.1%	2.6%
Electric revenue growth	6.3%	-11.0%	-2.4%	-3.9%	-0.7%	-0.8%	7.2%	-6.9%	-1.9%	-5.2%	-2.7%	17.5%	27.2%	32.5%	20.6%	19.1%	5.5%	7.7%	7.6%	6.4%
Contracted Services growth	21.7%	51.2%	75.9%	-52.3%	-38.4%	-28.2%	123%	195%	76%	54.6%	81.8%	-9.9%	51.1%	9.6%	24.7%	21.6%	-2.0%	1.4%	1.2%	5.6%
Total Revenue growth	19.2%	27.5%	2.8%	2.6%	-4.6%	1.3%	12.4%	13.8%	15.5%	16.5%	16.5%	2.5%	13.4%	2.0%	12.1%	9.5%	9.9%	10.0%	6.8%	3.6%
Operations & Maintenance/Revenue	62.8%	65.4%	63.4%	65.0%	63.5%	62.4%	71.3%	68.5%	70.9%	61.9%	65.7%	73.4%	64.4%	65.7%	66.0%	66.9%	67.6%	62.3%	64.6%	66.6%
Supply Costs/Revenue (excl. Military Base)	28.4%	28.4%	31.4%	28.9%	26.5%	28.7%	31.8%	29.5%	30.4%	29.4%	33.6%	30.0%	29.1%	32.1%	34.9%	29.0%	30.5%	29.5%	31.7%	28.5%
Gen. & Admin./Revenue	18.0%	17.2%	15.5%	19.2%	21.5%	18.6%	19.1%	19.8%	21.2%	16.6%	16.9%	24.0%	20.9%	17.4%	15.5%	18.5%	17.9%	16.7%	16.8%	18.9%
Other O&M/Revenue	13.2%	13.8%	14.4%	15.9%	17.1%	14.7%	13.4%	13.6%	14.1%	11.8%	11.5%	15.1%	12.3%	12.2%	10.9%	14.0%	13.5%	12.2%	10.9%	14.0%
General Taxes/Revenue	4.1%	3.6%	3.7%	3.6%	4.2%	3.5%	4.1%	3.7%	4.3%	2.9%	3.5%	3.9%	4.1%	3.4%	3.2%	3.6%	3.5%	3.4%	3.0%	3.7%
EPS Growth	14.7%	16.7%	38.3%	17.6%	-3.2%	9.3%	-17.0%	15.4%	-5.3%	36.2%	36.3%	-54.9%	2.1%	-26.6%	16.6%	118.2%	43.2%	33.4%	12.1%	3.1%



California Water Service Group (CWT)
Annual Earnings Statement
(dollars in millions, except per share data)

<i>FY Ends December 31</i>	FY07	FY08	FY09	FY10E	FY11E
Total Revenue	367.1	410.3	449.4	466.0	494.3
Water Production Costs	138.9	146.6	159.5	167.3	176.0
Administrative & General	54.3	59.4	75.2	71.7	72.3
Other Operations	46.3	51.2	56.6	58.7	64.8
Maintainence	18.3	19.0	18.5	19.5	22.3
Operations & Maintenance	257.8	276.2	309.8	317.3	335.3
Depreciation and Amortization	33.6	37.3	39.8	43.4	44.0
General Taxes	13.7	14.8	16.8	17.2	17.9
Total Expenses	305.0	328.3	366.4	377.8	397.3
Income from Operations	62.1	82.0	82.9	88.1	97.1
Operating Margin	16.9%	20.0%	18.5%	18.9%	19.6%
Other Income & Expenses (net)	4.4	(0.5)	3.2	1.9	4.0
Gain (loss) on sale of non-util property	2.5	0.0	0.6	0.1	0.0
EBIT	69.0	81.5	86.7	90.1	101.1
EBIT (%)	18.8%	19.9%	19.3%	19.3%	20.4%
Interest Expense	17.1	17.2	21.3	24.6	26.7
Income Before Taxes	51.9	64.3	65.4	65.5	74.4
Provision for Income Taxes	20.7	24.5	24.8	25.7	28.6
Implied Tax Rate	39.9%	38.1%	38.0%	39.2%	38.5%
Net Income	31.2	39.8	40.6	39.8	45.8
Preferred Dividends	-	-	-	-	-
Net Income	31.2	39.8	40.6	39.8	45.8
EPS (fully diluted)	1.50	1.90	1.95	1.91	2.20
Weighted Avg. Shares	20.7	20.7	20.8	20.8	20.8
Financial Summary (values in %)					
Revenue Growth	9.7%	11.8%	9.5%	3.7%	6.1%
Operations & Maintenance/Revenue	70.2%	67.3%	68.9%	68.1%	67.8%
(Dep + Amort)/Net Fixed Assets	3.6%	3.7%	3.6%	3.6%	3.4%
Gen. taxes/Revenue	3.7%	3.6%	3.7%	3.7%	3.6%
EBIT (% of rev.)	18.8%	19.9%	19.3%	19.3%	20.4%
Interest Expense/Revenue	4.7%	4.2%	4.7%	5.3%	5.4%
EBIT/Interest expense	4.0	4.7	4.1	3.7	3.8
Net Income Growth	21.8%	27.7%	1.9%	-1.9%	15.0%
EPS growth	11.9%	26.7%	2.8%	-2.1%	14.9%
Average ROE	8.1%	10.1%	9.8%	9.2%	9.9%

Source: California Water Service Group and Longbow Research

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California Water Service Group (CWT)
Quarterly Earnings Statement
(dollars in millions, except per share data)

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10A	3Q10E	4Q10E	1Q11	2Q11E	3Q11E	4Q11E
<i>FY Ends December 31</i>																
Total Revenue	72.9	105.6	131.7	100.1	86.6	116.7	139.2	106.9	90.3	118.3	146.3	111.0	96.9	124.9	153.9	118.6
Water Production Costs	25.4	40.3	46.5	34.4	28.9	41.7	48.9	40.0	30.5	41.8	54.6	40.4	33.6	44.7	54.3	43.3
Administrative & General	13.4	13.8	15.0	17.2	18.9	19.4	19.1	17.9	17.4	18.5	17.8	18.0	17.5	18.0	18.5	18.3
Other Operations	12.1	12.8	12.9	13.4	12.5	14.3	14.6	15.2	13.6	14.7	14.9	15.5	15.5	16.6	17.2	15.4
Maintainence	4.1	4.9	3.8	6.1	4.6	4.3	4.4	5.2	5.0	5.2	4.9	4.5	5.8	5.5	5.5	5.5
Operations & Maintenance	55.0	71.9	78.2	71.1	64.8	79.7	87.0	78.3	66.4	80.2	92.2	78.5	72.4	84.8	95.6	82.5
Depreciation and Amortization	9.2	9.3	9.3	9.6	10.2	10.3	10.3	9.0	10.8	10.6	10.9	11.0	11.0	11.0	11.0	11.0
General Taxes	3.7	3.5	3.9	3.7	4.1	3.9	4.4	4.5	3.9	4.1	4.6	4.6	3.9	4.4	4.9	4.7
Total Expenses	67.9	84.7	91.4	84.3	79.1	93.9	101.7	91.8	81.1	94.9	107.7	94.1	87.3	100.2	111.5	98.3
Income from Operations	5.0	20.9	40.3	15.8	7.5	22.7	37.5	15.2	9.2	23.4	38.7	16.9	9.6	24.7	42.4	20.4
Operating Margin	6.9%	19.8%	30.6%	15.8%	8.7%	19.5%	27.0%	14.2%	10.1%	19.8%	26.4%	15.2%	9.9%	19.8%	27.6%	17.2%
Other Income & Expenses (net)	(0.1)	0.6	(0.7)	(0.6)	0.2	1.4	1.7	0.9	(0.1)	0.0	1.0	1.0	1.0	1.0	1.0	1.0
Gain (loss) on sale of non-util property	0.0	0.0	0.0	0.0	0.6	0.1	(0.7)	(0.1)	0.1	0.0	0.0					
EBIT	4.9	21.5	39.6	15.2	8.4	24.2	38.5	15.9	9.1	23.4	39.7	17.9	10.6	25.7	43.4	21.4
EBIT (%)	6.7%	20.4%	30.0%	15.2%	9.6%	20.7%	27.7%	14.9%	10.1%	19.8%	27.1%	16.1%	10.9%	20.6%	28.2%	18.0%
Interest Expense	4.6	4.7	4.2	3.7	4.4	5.3	5.5	6.1	5.7	5.9	6.5	6.5	6.6	6.7	6.7	6.7
Income Before Taxes	0.3	16.8	35.4	11.4	4.0	18.9	33.0	9.8	3.4	17.5	33.2	11.4	4.0	19.1	36.7	14.6
Provision for Income Taxes	0.1	6.7	13.2	4.1	1.6	6.8	13.4	3.4	1.4	7.1	12.8	4.4	1.5	7.3	14.1	5.6
Implied Tax Rate	40.3%	39.7%	37.3%	36.0%	39.3%	36.0%	40.6%	34.3%	41.0%	40.6%	38.6%	38.5%	38.5%	38.5%	38.5%	38.5%
Net Income	0.2	10.1	22.2	7.3	2.4	12.1	19.6	6.5	2.0	10.4	20.4	7.0	2.5	11.7	22.6	9.0
Preferred Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	0.2	10.1	22.2	7.3	2.4	12.1	19.6	6.5	2.0	10.4	20.4	7.0	2.5	11.7	22.6	9.0
EPS (fully diluted)	0.01	0.48	1.06	0.35	0.12	0.58	0.94	0.31	0.10	0.50	0.98	0.34	0.12	0.56	1.08	0.43
Weighted Avg. Shares	20.7	20.7	20.7	20.7	20.8	20.8	20.7	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8
Financial Summary (values in %)																
Revenue Growth	1.9%	10.2%	15.7%	16.6%	18.8%	10.5%	5.7%	6.8%	4.2%	1.4%	5.2%	3.8%	7.3%	5.6%	5.2%	6.8%
Operations & Maintenance/Revenue	75.4%	68.1%	59.4%	71.0%	74.8%	68.3%	62.5%	73.2%	73.6%	67.8%	63.0%	70.7%	74.8%	67.9%	62.1%	69.6%
Gen. taxes/Revenue	5.1%	3.3%	3.0%	3.7%	4.7%	3.4%	3.1%	4.2%	4.3%	3.5%	3.1%	4.2%	4.0%	3.5%	3.2%	4.0%
EBIT (% of rev.)	6.7%	20.4%	30.0%	15.2%	9.6%	20.7%	27.7%	14.9%	10.1%	19.8%	27.1%	16.1%	10.9%	20.6%	28.2%	18.0%
EBIT/Interest expense	1.1	4.6	9.5	4.1	1.9	4.5	7.0	2.6	1.6	4.0	6.1	2.7	1.6	3.9	6.5	3.2
EPS growth	-87.2%	28.5%	58.8%	-9.2%	1205.6%	21.3%	-10.9%	-12.0%	-16.8%	-14.3%	3.7%	8.2%	21.3%	12.8%	10.8%	28.7%

Source: California Water Service Group and Longbow Research

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Aqua America (WTR)
Annual Earnings Statement
(dollars in millions, except per share data)

<i>Income Statement</i>	FY04A	FY05A	FY06A	FY07A	FY08A	FY09	FY10E	FY11E
Total Operating Revenue	442.0	496.8	533.5	602.5	627.0	670.5	730	782
Operation & Maintenance	178.3	203.1	219.6	253.1	262.1	270.1	280.2	297.4
Depreciation	54.6	60.7	70.9	83.2	88.8	103.0	108.2	113.6
Amortization	4.3	4.7	4.1	4.8	5.5	11.9	13.3	13.6
General Taxes	27.6	31.7	33.3	45.4	44.7	48.1	52.8	53.4
	-		-					
Total Expenses	264.8	300.3	327.9	386.5	401.2	433.1	454.5	477.9
Income from Operations	177.2	196.5	205.6	216.0	225.8	237.5	275.8	303.9
Operating Margin (%)	40.1%	39.6%	38.5%	35.9%	36.0%	35.4%	37.8%	38.9%
Allow. for Borrowed Funds Used in Const.	2.3	2.4	3.9	3.0	3.7	2.9	5.3	5.1
Gain (loss) on sale of other assets	1.3	1.2	1.2	3.5	1.6	0.5	2.9	2.3
Other	-	-	-	-				
EBIT	180.8	200.1	210.7	222.5	231.1	240.8	284.1	311.3
EBIT (%)	40.9%	40.3%	39.5%	36.9%	36.9%	35.9%	38.9%	39.8%
Interest Expense	48.7	52.1	58.4	66.9	68.6	68.6	75.3	81.4
Income Before Taxes	132.1	148.1	152.3	155.5	162.5	172.2	208.8	229.9
Provision for Income Taxes	52.1	56.9	60.2	60.5	64.6	67.8	81.9	91.4
Implied Tax Rate	39.4%	38.4%	39.6%	38.9%	39.7%	39.4%	39.2%	39.8%
Net income	80.0	91.2	92.0	95.0	97.9	104.4	126.9	138.5
Comprehensive Income	78.1	89.8	95.3	94.8	97.9	104.7	125.6	138.5
Diluted Net Income Per Share	0.64	0.71	0.70	0.71	0.73	0.77	0.92	1.00
Weighted Avg. Shares	125.7	129.2	131.8	133.6	134.7	136.1	137.4	138.8
Financial Summary (values in %)								
Revenue Growth	20.4%	12.4%	7.4%	12.9%	4.1%	6.9%	8.9%	7.0%
Operations & Maintenance/Revenue	40.3%	40.9%	41.2%	42.0%	41.8%	40.3%	38.4%	38.0%
Dep/Net Fixed Asset	3.0%	2.9%	3.1%	3.3%	3.2%	3.4%	3.4%	3.3%
Depreciation Growth	12.5%	11.3%	16.7%	17.3%	6.7%	16.0%	5.0%	5.0%
General taxes as % of revenue	6.2%	6.4%	6.2%	7.5%	7.1%	7.2%	7.2%	6.8%
Interest Exp/ Average Net Debt	5.6%	5.3%	5.8%	5.9%	5.2%	5.0%	5.0%	5.1%
Interest Expense/Revenue	11.0%	10.5%	11.0%	11.1%	10.9%	10.2%	10.3%	10.4%
EBITDA	239.7	265.6	285.7	310.5	325.4	355.7	405.6	438.5
Net income growth	13.0%	13.9%	0.9%	3.3%	3.1%	6.6%	21.6%	9.1%
Average ROE	11.4%	11.7%	10.6%	10.0%	9.6%	9.6%	9.3%	8.4%
EPS Growth (exspecial items and FAS 123)	7.0%	10.9%	-1.0%	1.9%	2.2%	5.5%	20.5%	8.0%

Source: Aqua America and Longbow Research
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Aqua America (WTR)
Quarterly Earnings Statement
(dollars in millions, except per share data)

FY ends December 31

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E
Total Operating Revenue	139.3	150.8	177.1	159.8	154.5	167.3	180.8	167.9	160.5	178.4	207.8	183.6	175.1	193.4	220.7	192.6
Operation & Maintenance	64.3	65.1	66.7	65.9	67.0	68.5	68.5	66.0	67.6	69.3	73.0	70.3	72.3	74.9	78.3	71.8
Depreciation	21.5	20.6	22.8	23.9	26.4	25.0	25.4	26.2	26.2	26.8	27.5	27.7	27.9	28.1	28.3	29.3
Amortization	1.2	1.0	1.8	1.5	2.8	3.1	3.0	3.1	3.2	3.3	3.6	3.2	3.4	3.4	3.4	3.4
General Taxes	12.1	10.8	11.2	10.6	11.6	11.9	12.4	12.2	12.9	12.9	14.2	12.9	13.1	13.5	13.2	13.5
Recovery of restructuring costs																
Total Expenses	99.1	97.6	102.5	102.0	107.7	108.5	109.4	107.5	109.8	112.4	118.2	114.1	116.8	119.9	123.3	118.0
Income from Operations	40.2	53.1	74.6	57.9	46.8	58.9	71.5	60.4	50.7	66.1	89.6	69.5	58.4	73.5	97.4	74.6
Operating Margin (%)	28.9%	35.2%	42.1%	36.2%	30.3%	35.2%	39.5%	36.0%	31.6%	37.0%	43.1%	37.9%	33.3%	38.0%	44.1%	38.7%
All. for Borrowed Funds Used in Const.	1.0	1.1	1.0	0.6	0.6	0.6	0.7	0.9	1.5	1.5	1.1	1.3	1.3	1.3	1.2	1.3
Gain (loss) on sale of other assets		0.6	0.5	0.5	0.1	0.1	0.2	0.1	1.9	0.1	0.3	0.6	0.7	0.4	0.5	0.6
Other																
EBIT	41.2	54.8	76.1	59.0	47.5	59.5	72.4	61.4	54.2	67.6	90.9	71.4	60.4	75.3	99.2	76.4
EBIT (%)	29.6%	36.3%	43.0%	36.9%	30.8%	35.6%	40.0%	36.6%	33.7%	37.9%	43.8%	38.9%	34.5%	38.9%	44.9%	39.7%
Interest Expense	17.1	17.1	17.0	17.4	16.6	16.8	17.3	17.9	18.4	18.5	19.2	19.2	19.4	19.6	19.8	22.6
Income Before Taxes	24.0	37.7	59.1	41.7	30.9	42.7	55.1	43.5	35.7	49.1	71.8	52.2	41.1	55.7	79.4	53.8
Provision for Income Taxes	9.7	15.2	23.7	16.0	12.5	16.9	21.6	16.8	14.2	19.3	28.1	20.4	16.4	22.3	31.8	21.0
Implied Tax Rate	40.4%	40.2%	40.1%	38.4%	40.5%	39.5%	39.3%	38.7%	39.8%	39.3%	39.1%	39.0%	40.0%	40.0%	40.0%	39.0%
Net Income before extraord. Item	14.3	22.6	35.4	25.7	18.4	25.9	33.5	26.7	21.5	29.8	43.7	31.9	24.6	33.4	47.6	32.8
Comprehensive Income	14.3	22.7	35.2	25.7	18.4	26.1	33.3	26.8	21.1	29.8	43.7	31.9	24.6	33.4	47.6	32.8
Diluted Net Income Per Share	0.11	0.17	0.26	0.19	0.14	0.19	0.25	0.20	0.16	0.22	0.32	0.23	0.18	0.24	0.34	0.24
Weighted Avg. Shares	134.0	134.1	135.3	135.6	135.9	135.9	136.3	136.5	136.8	137.3	137.4	138.2	138.2	138.6	139.1	139.5
Financial Summary (values in %)																
Revenue Growth	1.4%	0.1%	7.0%	7.2%	10.9%	11.0%	2.1%	5.0%	3.9%	6.6%	14.9%	9.4%	9.1%	8.4%	6.2%	4.9%
Operations & Maintenance/Revenue	46.2%	43.2%	37.7%	41.2%	43.4%	41.0%	37.9%	39.3%	42.1%	38.8%	35.1%	38.3%	41.3%	38.7%	35.5%	37.3%
EBIT (% of rev.)	29.6%	36.3%	43.0%	36.9%	30.8%	35.6%	40.0%	36.6%	33.7%	37.9%	43.8%	38.9%	34.5%	38.9%	44.9%	39.7%
General taxes as % of revenue	8.7%	7.2%	6.3%	6.7%	7.5%	7.1%	6.9%	7.3%	8.0%	7.3%	6.8%	7.0%	7.5%	7.0%	6.0%	7.0%
EBITDA	63.8	76.4	100.7	84.4	76.7	87.5	100.8	90.7	83.5	97.8	122.0	102.3	91.7	106.7	130.8	109.1
Net Income Growth	-15.0%	-5.0%	19.9%	3.0%	28.3%	14.6%	-5.4%	3.9%	17.1%	15.5%	30.6%	19.4%	14.5%	11.9%	8.9%	3.1%
EPS Growth	-15.5%	-5.3%	18.6%	1.8%	26.5%	13.0%	-6.1%	3.2%	16.3%	14.4%	29.5%	18.0%	13.4%	10.8%	7.6%	2.1%

Source: Aqua America and Longbow Research

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WATER INDUSTRY PEER VALUATION

(\$ in millions, except per share data)

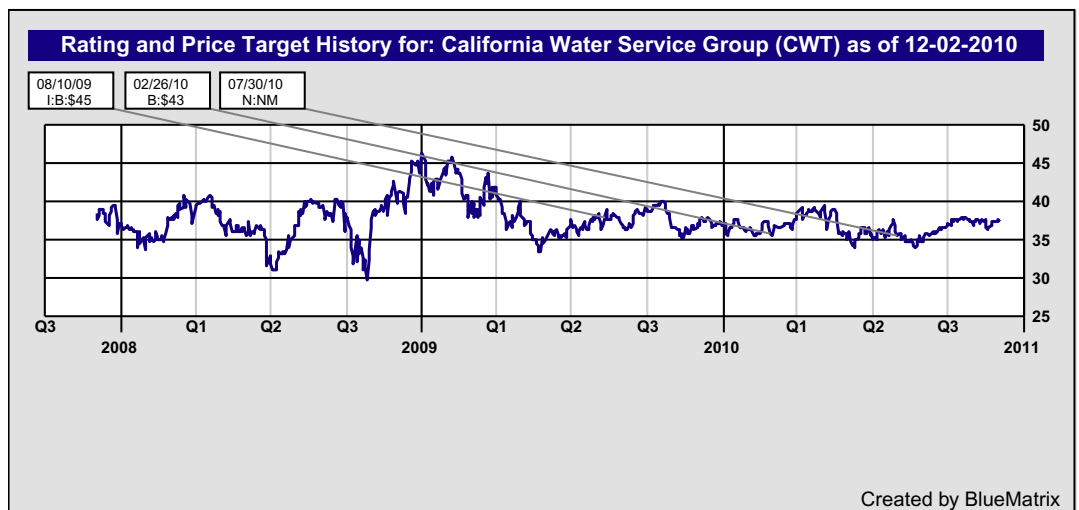
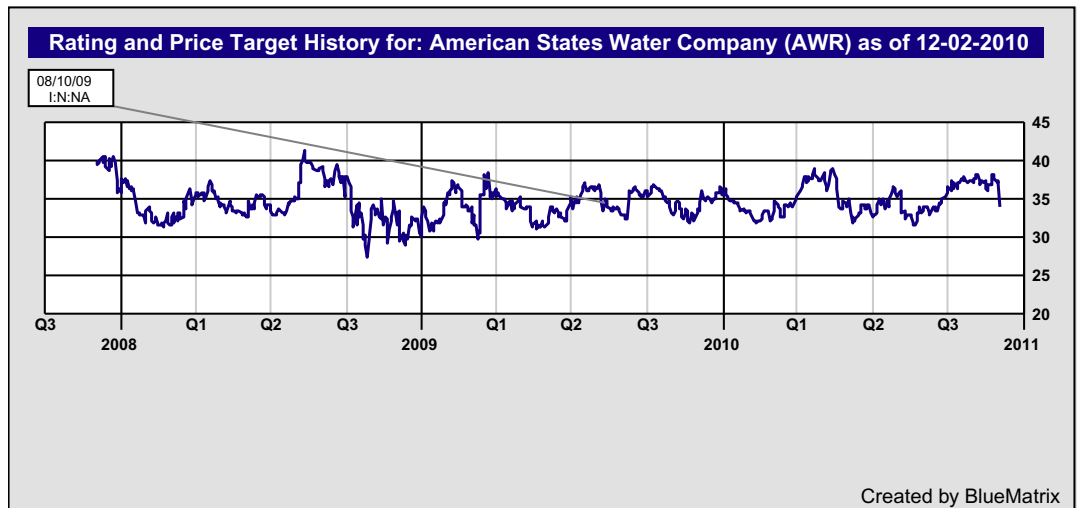
Company	Ticker	FY End	Rating	Target	% Upside	Share Price	52 Week		Mkt Cap	Revenue Last	Last FY	Earnings per Share		P/E		Dividend Rate	Price/Book	
							Hi	Lo				Current FY	Next FY	Current FY	Next FY			
U.S. WATER UTILITIES																		
AMER STATES WATER	AWR	Dec.	Neutral			\$34.07	\$39.61	\$31.20	\$ 633	\$ 361	1.62	1.78	2.15	19.2x	15.9x	3.1%	1.8x	
AMERICAN WATER WORKS	AWK	Dec.	BUY	\$29	16%	\$25.00	\$24.98	\$19.41	\$ 4,372	\$ 2,841	1.25	1.55	1.70	16.1x	14.7x	3.5%	1.0x	
AQUA AMERICA	WTR	Dec.	Neutral			\$21.59	\$21.97	\$16.45	\$ 2,963	\$ 671	0.77	0.92	1.00	23.4x	21.6x	2.9%	2.2x	
CALIFORNIA WATER	CWT	Dec.	Neutral			\$37.41	\$39.70	\$33.81	\$ 779	\$ 449	1.95	1.91	2.20	19.6x	17.0x	3.2%	1.8x	
ARTESIAN RESOURCES	ARTNA	Dec.	NR			\$18.84	\$19.59	\$16.43	\$ 142	\$ 61	0.97	1.04	1.09	18.1x	17.3x	4.0%	1.5x	
CONNECTICUT WATER	CTWS	Dec.	NR			\$24.81	\$26.44	\$20.00	\$ 214	\$ 59	1.19	1.2	1.19	20.7x	20.8x	3.7%	2.0x	
MIDDLESEX WATER	MSEX	Dec.	NR			\$17.92	\$18.70	\$14.74	\$ 279	\$ 91	0.72	0.94	0.93	19.1x	19.3x	4.1%	1.7x	
PENNICHUCK	PNNW	Dec.	NR			\$27.50	\$28.39	\$19.00	\$ 128	\$ 33	0.55	0.84	0.95	32.7x	28.9x	2.7%	1.8x	
SIW	SIW	Dec.	NR			\$25.11	\$28.24	\$21.02	\$ 466	\$ 216	0.81	1	1.03	25.1x	24.4x	2.7%	1.7x	
YORK WATER CO (THE)	YORW	Dec.	NR			\$16.10	\$16.76	\$12.83	\$ 204	\$ 37	0.64	0.7	0.75	23.0x	21.5x	3.3%	2.1x	
Average													21.7x	20.1x	3.3%	1.7x		
EQUIPMENT/ FILTRATION/ TREATMENT SECTOR																		
PENTAIR	PNR	Dec.	BUY	\$39	15%	\$33.98	\$39.32	\$29.41	\$ 3,354	\$ 2,692	1.47	1.96	2.28	17.3x	14.9x	2.2%	1.6x	
WATTS WATER TECH	WTS	Dec.	Neutral			\$33.57	\$37.00	\$27.51	\$ 1,238	\$ 1,234	1.54	1.92	2.23	17.5x	15.1x	1.3%	1.3x	
AMERON INT'L	AMN	Nov.	NR			\$74.64	\$76.79	\$54.27	\$ 690	\$ 547	3.05	2.94	4.25	25.4x	17.6x	1.6%	1.1x	
BADGER METER	BMI	Dec.	NR			\$43.69	\$44.71	\$32.58	\$ 656	\$ 250	1.80	1.91	2.08	22.9x	21.0x	1.3%	4.1x	
CALGON CARBON	CCC	Dec.	NR			\$14.60	\$18.35	\$11.75	\$ 820	\$ 412	0.69	0.68	0.87	21.5x	16.8x	0.0%	2.5x	
ENERGY RECOVERY	ERII	Dec.	NR			\$3.65	\$7.28	\$3.08	\$ 191	\$ 47	0.07	(0.08)	-	NM	NM	0.0%	2.9x	
FRANKLIN ELECTRIC	FELE	Jan.	NR			\$41.14	\$40.94	\$24.93	\$ 956	\$ 626	1.29	1.86	2.25	22.1x	18.3x	1.3%	1.7x	
GORMAN-RUPP	GRC	Dec.	NR			\$31.79	\$31.91	\$22.81	\$ 534	\$ 266	1.15	1.34	1.6	23.7x	19.9x	1.3%	2.6x	
ITRON	ITRI	Dec.	NR			\$53.25	\$81.95	\$52.05	\$ 2,150	\$ 1,687	2.09	4.03	4.33	13.2x	12.3x	0.0%	1.9x	
LAYNE CHRISTENSEN	LAYN	Jan.	NR			\$33.23	\$33.96	\$22.97	\$ 648	\$ 866	0.81	1.23	1.56	27.0x	21.3x	0.0%	1.1x	
MUELLER WATER PRODUC	MWA	Sept.	NR			\$3.74	\$5.99	\$2.21	\$ 579	\$ 1,338	-0.29	(0.17)	0.15	NM	NM	1.9%	1.2x	
NORTHWEST PIPE	NWPX	Dec.	NR			\$22.46	\$31.46	\$14.62	\$ 209	\$ 283	-0.26	0.12	0.73	187.2x	30.8x	0.0%	1.0x	
PALL	PLL	Jul.	NR			\$47.18	\$46.52	\$31.06	\$ 5,504	\$ 2,402	1.77	2.33	2.33	20.2x	20.2x	1.4%	3.7x	
SMITH (A.O.)	AOS	Dec.	NR			\$40.42	\$40.24	\$27.39	\$ 1,851	\$ 1,991	1.90	2.70	2.94	15.0x	13.7x	1.4%	1.7x	
Average													44.1x	19.5x	0.8%	2.0x		
WATER RESOURCES/ INFRASTRUCTURE																		
INSITUFORM TECH	INSU	Dec.	NR			\$23.76	\$28.38	\$18.52	\$ 932	\$ 727	1.04	1.52	1.77	15.6x	13.4x	0.0%	1.6x	
LINDSAY	LNN	Aug.	NR			\$60.21	\$66.48	\$30.80	\$ 752	\$ 358	1.11	1.81	2.15	32.9x	26.9x	0.6%	2.0x	
TETRA TECH	TTEK	Sept.	NR			\$24.06	\$28.18	\$18.00	\$ 1,486	\$ 2,201	1.22	1.25	1.43	19.7x	17.4x	0.0%	1.7x	
Average													24.6x	18.5x	0.7%	2.1x		
Relevant Indices																		
Dow Jones Industrials	DJ30																Share Price	\$11,362
S&P 500	SPX																Share Price	\$1,222
Nasdaq Composite	NDX																Share Price	\$2,185

Source: Baseline; Company reports and LBR Estimates. EPS reflects diluted EPS, excluding extraordinary items. Numbers in italics reflect consensus estimates.

** Time period for annual estimates may vary based on reporting date.



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APPENDIX

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