

## Water Utilities, Flow Technology and Purification

May 10, 2010

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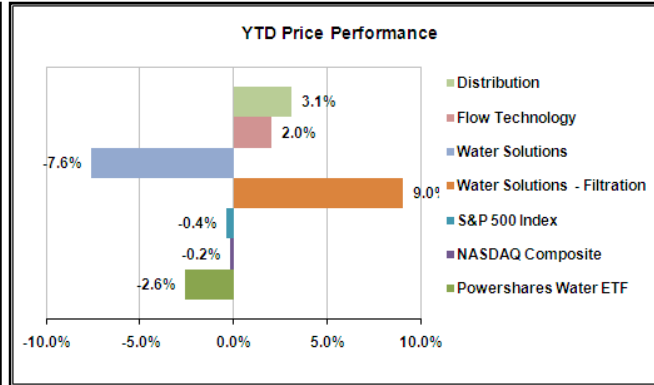
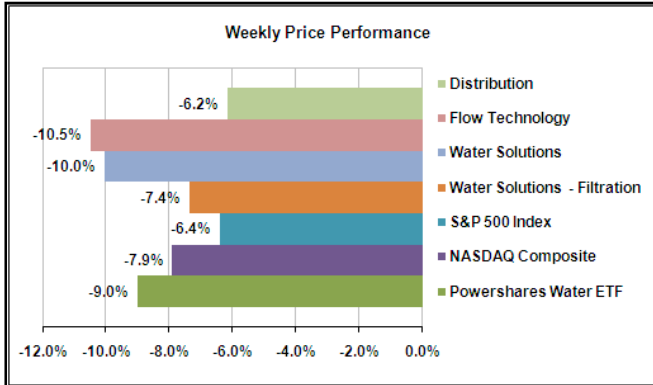
## Water Works Weekly

## Water Utilities, Flow Technology and Purification

Company	Ticker	Rating	Price	Target	10E EPS / (P/E)	11E EPS / (P/E)
American Water Works Company, Inc.	AWK	Buy	\$20.71	\$28.00	\$1.43 (14.5x)	\$1.58 (13.1x)
American States Water Company	AWR	Buy	\$36.12	\$45.00	\$1.94 (18.6x)	\$2.24 (16.1x)
Calgon Carbon Corp.	CCC	Buy	\$14.17	\$24.00	\$0.84 (16.9x)	\$1.07 (13.2x)
Consolidated Water Co., Ltd.	CWCO	Buy	\$12.14	\$19.00	\$0.86 (14.1x)	\$0.85 (14.3x)
California Water Service Group	CWT	Hold	\$36.26	NA	\$2.04 (17.8x)	\$2.22 (16.3x)
IDEX Corp.	IEX	Hold	\$30.88	NA	\$1.77 (17.4x)	\$1.98 (15.6x)
Met-Pro Corp.	MPR	Buy	\$9.69	\$12.00	\$0.30 (32.3x)	\$0.48 (20.2x)
Mueller Water Products, Inc.	MWA	Buy	\$4.56	\$6.25	\$-0.23 (NA)	\$0.17 (26.8x)
Sabesp	SBS	Buy	\$35.78	\$66.00	\$8.01 (4.5x)	\$8.58 (4.2x)
SJW Corp.	SJW	Hold	\$23.80	NA	\$1.20 (19.8x)	\$1.37 (17.4x)
Tetra Tech Inc.	TTEK	Buy	\$22.45	\$28.00	\$1.15 (19.5x)	\$1.26 (17.8x)
Veolia Environnement SA	VE	Buy	\$27.62	\$38.00	\$1.88 (14.7x)	\$2.13 (13.0x)
Aqua America, Inc.	WTR	Buy	\$17.39	\$26.00	\$0.89 (19.5x)	\$0.98 (17.7x)
Watts Water Technologies, Inc.	WTS	Hold	\$32.20	NA	\$1.67 (19.3x)	\$1.98 (16.3x)
The York Water Company	YORW	Buy	\$13.17	\$18.00	\$0.67 (19.7x)	\$0.70 (18.8x)

**An ugly week no matter how you slice it.** Across our industry sub segments, performance was less than stellar last week. Only one of the segments managed to outperform the benchmarks (the S&P 500, NASDAQ Composite, and the Powershares Water ETF, which were down 6.4%, 7.9%, and 9.0%, respectively), and only one equity across the entire universe finished in positive territory. The best performer was the Distribution segment, down 6.2%. The Water Solutions - Filtration segment came in second, falling 7.4%. The Water Solutions segment dropped 10.0%, while the Flow Technology segment came in last, dropping 10.5%.

YTD, three of the four segments are now outperforming the benchmarks. The Water Solutions – Filtration segment remains the top performer, up 9.0%. Distribution stocks also continue to do well (up 3.1%), and the Flow Technology segment continues to outperform the benchmarks (up 2.0%).



Largest Gains Last Week			Largest Losses Last Week		
Company Name	Ticker	Gain	Company Name	Ticker	Loss
<b>Distribution</b>			<b>Distribution</b>		
PURE CYCLE	PCYO	0.3%	SJW	SJW	-13.4%
<b>Flow Technology</b>			<b>Flow Technology</b>		
-	NA	NA	ENERGY RECOVERY	ERII	-29.0%
<b>Water Solutions</b>			<b>Water Solutions</b>		
-	NA	NA	TRI-TECH HOLDING	TRIT	-26.3%
<b>Filtration</b>			<b>Filtration</b>		
-	NA	NA	DOUYUAN GBL WATER	DGW	-13.9%

Source: Baseline

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## From our Universe

**Watts Water Technologies (WTS, \$32.20, Hold)** reported 1Q10 results that essentially met our expectations. On the top line, revenue of \$319.3 million (a 10% increase) came in well ahead of our \$280.2 million estimate, while EPS (from continuing ops) of \$0.33 came in just below our estimate of \$0.36. Organically, sales grew a healthy 7% in the quarter, while favorable foreign exchange rates accounted for the remaining 3% growth. Sales and margins grew nicely over the same quarter last year in both the North America and Europe segments. Quarterly results aside, we note the shares have been strong recently, and despite our now increasingly positive bias in terms of overall outlook, we are maintaining our Hold rating based on valuation. We will look aggressively for opportunities to revisit our rating with a positive bias, particularly on any share price pullbacks.

**American Water Works (AWK, \$20.71, Buy)** reported 1Q10 results that exceeded our expectations. Revenue in the quarter of \$588 million (a 6.9% increase) was above our forecast of \$554 million, while EPS of \$0.18 was also ahead of our \$0.16 estimate. Revenue increased in the regulated business by 4.4% and in the non-regulated business by 29.5%. Management also tightened up the bottom range of its 2010 EPS guidance range: it is now \$1.33-1.40; it was previously \$1.30-1.40. We believe that the top end of that guidance range is conservative given 1Q10 actual results and our 2Q10 expectations, and we have raised our forward estimates accordingly. We are maintaining our Buy rating and \$28 target price, based on a P/E multiple of 18x our 2011 EPS multiple of \$1.58.

American Water also announced the Indiana Utility Regulatory Commission issued an order adjusting rates on a statewide basis for Indian American Water. The new rates will provide additional annual revenue of \$31.5 million for AWK and go into effect after the new tariffs are calculated and approved by the IURC for each service area. In Ohio, the Public Utilities Commission of Ohio issued an order adjusting rates for Ohio American Water. The new rates will provide additional annual revenue of \$2.6 million for the company and go into effect after the new tariffs are calculated by the Company and approved by the PUCO.

**Mueller Water Products (MWA, \$4.56, Buy)** reported lackluster 2QFY10 results. On the top line, revenue of \$301.8 million (a 6.3% decrease) fell shy of our estimate of \$312.9 million. Contributing to the decrease were the divestiture of two Anvil businesses and lower pricing in the U.S. Pipe segment. On the bottom line, adjusted loss per share of \$0.11 was well below our estimated loss per share of \$0.06. On the positive side, unit bookings at Mueller Co. increased 40% YoY, bookings on a tonnage basis at U.S. Pipe increased over 50%, and net debt has decreased \$88.4 million since September 30, 2009 to \$590.3 million. Fundamentals are slowly improving, but at a pace below our previous expectations. We have lowered our FY10 and FY11 EPS estimates, introduced a FY12 EPS estimate of \$0.39, and reduced our target price to \$6.25 from \$8, based on 16x our aforementioned FY12 forecast.

**American States (AWR, \$37.22, Buy)** delivered better-than-expected results. Revenue in the quarter of \$90.3 million represented a 13.4% YoY increase and beat our \$83.5 million estimate. Contributing to the increase were higher revenues in each of the water, electric, and contracted services segments, due to implementation of the Water Revenue Adjustment Mechanism, increases in electric rates approved by the CPUC, and contract modifications approved by the U.S. government. EPS in the quarter of \$0.45 also exceeded expectations (our estimate was \$0.27), a \$0.17 improvement from the same quarter last year. We raised our estimates and target price (from \$41 to \$45) based on the shares attaining a level of 20x our 2011 EPS estimate of \$2.24.

## In Other News

The EPA announced it will require refineries, paper mills and other facilities to cut emissions of mercury and other air pollutants produced by industrial boilers. The new regulations are expected to have the biggest impact on an estimated 2,500 larger coal-fired boilers, requiring them to install pollution control technologies. The estimated cost of installing and operating control technologies to comply with the new regulations is \$3.6 billion, while estimates of the annual health benefits are between \$18-\$44 billion. The new rules won't affect the vast majority of U.S. industrial boilers, which run on natural gas. The new rules don't apply to coal-fired power plants. The new boiler regulations are expected to take affect later this year.

## **Top Ideas**

### **Water Utilities**

**SBS:** Sabesp is our top pick across our global water utility universe. Many of the risks (country, foreign exchange, acquisition limitations, and lack of regulation) that kept investors away from this name have either dissipated or been rendered largely irrelevant. Brazil was recently increased to investment grade status, the real has been strong relative to the dollar, and as of 2007 SBS can make acquisitions outside of Sao Paulo. As for regulation, ARSESP recently began regulation of water standards and will take over the tariff making process in the near future. Further, SBS trades at a large discount to the peer group, despite having the highest EBITDA margins. The shares also typically have the highest yield across our covered universe, and the corporate charter states at least 25% of net income must be paid as dividends (the actual payout ratio has been higher). We recommend investors take or add to existing positions at current levels.

**WTR:** Within the U.S. water utility group, Aqua America is our top pick. WTR's fundamentals are improving; the company continues to file for timely rate relief and is being treated fairly by regulators. Against this backdrop, the shares have continued to decline, and have reached price levels where we consider them to be the most attractive based on historical P/E multiples and dividend yield relative to the water utility peer group.

**CCC:** Calgon Carbon remains our top pick in the water solutions segment. We believe there is significant upside from current EPS levels forecasted for 2010 in 2011 and 2012 due to the potential for increased revenue from additional capacity in the company's activated carbon and reactivation business lines, along with higher UV technology sales. We believe Calgon Carbon is positioned for strong overall growth across multiple business lines in coming years, and we recommend investors take or add to positions now before these catalysts begin to appreciably show in quarterly financial results.

Charts of the Week – Distribution

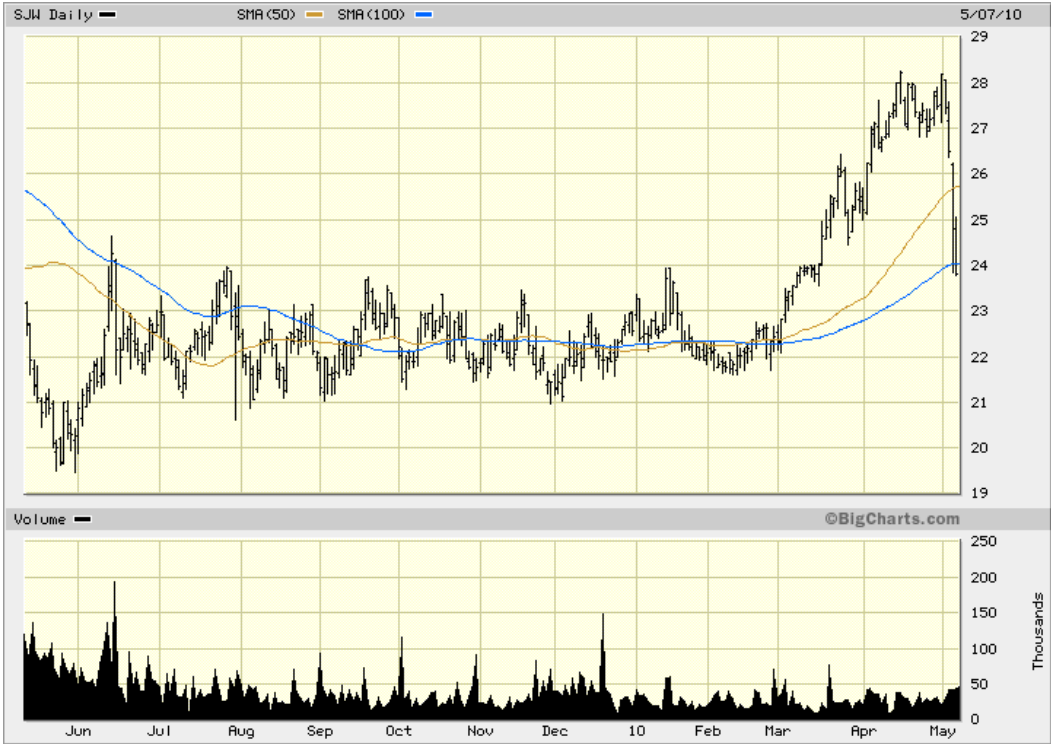


Chart of the Week – Flow Technology



Chart of the Week – Water Solutions



<b>American Water Works Co.</b>		<b>AWK</b>	<b>\$20.71</b>					
<b>Buy/\$28 Target Price</b>								
<b>Michael Gaugler, 212.702.6539</b>			<a href="mailto:gauglerm@bmur.com">gauglerm@bmur.com</a>					
		<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$3,618	2009	\$0.19	\$0.32	\$0.52	\$0.21	\$1.25	16.6x
Avg. Daily Vol:	1,053,713	2010E	\$0.18A	\$0.34	\$0.59	\$0.32	\$1.43	14.5x
52-wk Range:	\$23.77 \$16.55	2011E	\$0.16	\$0.43	\$0.65	\$0.34	\$1.58	13.1x
<p>American Water Works Co. provides water and wastewater services to residential, commercial, and industrial customers in the U.S. and Canada, servicing 20 states of the U.S. and Ontario, Canada. It also enters into public/private partnerships, including operation and maintenance contracts, design, build, and operate contracts for the provision of services to water and wastewater facilities.</p>								
<b>American States Water Co.</b>		<b>AWR</b>	<b>\$36.12</b>					
<b>Buy/\$45 Target Price</b>								
<b>Michael Gaugler, 212.702.6539</b>			<a href="mailto:gauglerm@bmur.com">gauglerm@bmur.com</a>					
		<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$669	2009	\$0.28	\$0.64	\$0.52	\$0.18	\$1.63	22.2x
Avg. Daily Vol:	114,374	2010E	\$0.45A	\$0.57	\$0.56	\$0.36	\$1.94	18.6x
52-wk Range:	\$39.61 \$30.82	2011E	\$0.49	\$0.72	\$0.61	\$0.43	\$2.24	16.1x
<p>American States Water Co. pumps, purchases, distributes and sells water and electricity primarily to residential and commercial customers. Approximately 90% of its business is conducted in the State of California; the company also has operations in Arizona, Maryland, New Mexico, Texas and Virginia.</p>								
<b>Calgon Carbon Corp.</b>		<b>CCC</b>	<b>\$14.17</b>					
<b>Buy/\$24 Target Price</b>								
<b>Michael Gaugler, 212.702.6539</b>			<a href="mailto:gauglerm@bmur.com">gauglerm@bmur.com</a>					
		<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$793	2009	\$0.11	\$0.11	\$0.25	\$0.23	\$0.69	20.4x
Avg. Daily Vol:	133,079	2010E	\$0.16	\$0.23	\$0.23	\$0.23	\$0.84	16.8x
52-wk Range:	\$18.35 \$10.93	2011E	\$0.24	\$0.26	\$0.29	\$0.28	\$1.07	13.2x
<p>Calgon Carbon provides services and solutions for purifying water &amp; air, food, beverage and industrial process streams. It operates three business segments: Activated Carbon &amp; Services, Equipment and Consumer. The Activated Carbon and Services segment manufactures granular activated carbon, which is used to remove inorganic compounds from water, air, liquids and gases. The Equipment segment designs and fabricates systems that provide solutions to water and air process problems. The Consumer segment manufactures and sells carbon cloth and consumer products.</p>								

<b>Consolidated Water Co., Ltd.</b>			<b>CWCO</b>	<b>\$12.14</b>					
<b>Buy/\$19 Target Price</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$177		2009	\$0.18	\$0.27	\$0.05	\$0.25	\$0.74	16.4x
Avg. Daily Vol:	49,476		2010E	\$0.26	\$0.24	\$0.19	\$0.17	\$0.86	14.1x
52-wk Range:	\$21.29	\$12.12	2011E	\$0.23	\$0.22	\$0.21	\$0.19	\$0.85	14.2x
<p>Consolidated Water processes and supplies water to public utilities, commercial &amp; tourist properties, residential properties and government facilities. It uses reverse osmosis technology to produce freshwater from seawater. The Retail water segment produces and supplies water to end users, including residential, commercial and government customers in the Cayman Islands and the Bahamas. The Bulk water segment produces and supplies water to government owned distribution systems in the Cayman Islands, Belize, the British Virgin Islands and The Bahamas. the Services segment provides engineering and management services for desalination projects.</p>									
<b>California Water Service Group</b>			<b>CWT</b>	<b>\$36.26</b>					
<b>Hold</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$754		2009	\$0.12	\$0.58	\$0.94	\$0.31	\$1.95	18.6x
Avg. Daily Vol:	127,951		2010E	\$0.10A	\$0.63	\$0.97	\$0.34	\$2.04	17.8x
52-wk Range:	\$40.65	\$33.49	2011E	\$0.12	\$0.69	\$1.01	\$0.40	\$2.22	16.3x
<p>California Water Services Group provides water supply and related services through its subsidiaries. Its services include the production, purchase, storage, treatment, testing, distribution and sale of water for domestic, industrial, [public and irrigation uses. The company has operations in the states of California, Hawaii, New Mexico and Washington.</p>									
<b>IDEX Corp.</b>			<b>IEX</b>	<b>\$30.88</b>					
<b>Hold</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$2,501		2009	\$0.34	\$0.37	\$0.37	\$0.43	\$1.53	20.2x
Avg. Daily Vol:	440,750		2010E	\$0.45A	\$0.45	\$0.42	\$0.46	\$1.77	17.4x
52-wk Range:	\$35.54	\$22.16	2011E	\$0.47	\$0.47	\$0.49	\$0.54	\$1.98	15.6x
<p>IDEX manufactures pump products and engineered equipment. It operates and reports through four segments: Fluid &amp; Metering, Dispensing Equipment, Health &amp; Science and Fire Safety/Diversified Products. The Fluid &amp; Metering segment designs, produces and distributes positive displacement pumps and flow meters, compressors, injectors and other fluid handling equipment. the Dispensing segment manufactures equipment for dispensing, metering and mixing colorants, paints, inks and dyes. The Health &amp; Science segment designs, produces and distributes a wide range of precision fluidics solutions for a wide range of applications. The FireSafety/Diversified Products segment produces firefighting pumps and controls, rescue tools and lifting bags.</p>									



<b>Met-Pro Corp.</b>			<b>MPR</b>	<b>\$9.69</b>					
<b>Buy/\$12 Target Price</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPS</b>	<b>Apr</b>	<b>Jul</b>	<b>Oct</b>	<b>Jan</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$142		FY09	\$0.13	\$0.18	\$0.20	\$0.15	\$0.65	15.0x
Avg. Daily Vol:	33,579		FY10E	\$0.07A	\$0.08A	\$0.07A	\$0.09	\$0.30	32.0x
52-wk Range:	\$11.36	\$8.20	FY11E	\$0.11	\$0.12	\$0.12	\$0.13	\$0.48	20.1x
<p>Met-Pro Corp manufactures and markets product recovery, pollution control and fluid handling equipment for corrosive, abrasive and high temperature liquids. It operates through three segments: Product Recovery, Pollution Control Equipment and Fluid Handling Equipment. The Product Recovery/Pollution Control equipment segments supply product recovery and dry particulate collectors used for manufacturing food products and pharmaceuticals. The Fluid Handling Equipment segment designs and manufactures filter systems.</p>									
<b>Mueller Water Products, Inc.</b>			<b>MWA</b>	<b>\$4.56</b>					
<b>Buy/\$6.25 Target Price</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPS</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$704		FY09	(\$0.00)	(\$0.13)	(\$0.13)	(\$0.03)	(\$0.30)	-15.4x
Avg. Daily Vol:	212,231		FY10E	(\$0.07A)	(\$0.11A)	-\$0.04	-\$0.01	-\$0.23	-19.5x
52-wk Range:	\$5.99	\$2.52	F11E	-\$0.01	\$0.01	\$0.08	\$0.09	\$0.17	26.1x
<p>Mueller Water Products manufactures a broad range of water infrastructure and flow control products for use in water distribution networks, water and wastewater treatment facilities, gas distribution systems and fire protection piping systems. The company reports through three segments: Mueller, U.S. Pipe and Anvil. The Mueller segment primarily designs and manufactures fire hydrants and valves. The U.S. Pipe segment primarily manufactures ductile iron water transmission pipe. The Anvil segment manufactures malleable and cast iron pipefittings, ductile iron couplings and fittings.</p>									
<b>Sabesp</b>			<b>SBS</b>	<b>\$35.78</b>					
<b>Buy/\$66 Target Price</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPADS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$4,076		2009E	\$0.98A	\$2.19A	\$0.92A	\$2.31	\$6.40	5.6x
Avg. Daily Vol (MM):	307,936		2010E	\$1.31	\$1.85	\$1.98	\$2.87	\$8.01	4.5x
52-wk Range:	\$54.52	\$32.62	2011E	\$2.08	\$2.02	\$1.95	\$2.53	\$8.58	4.2x
<p>Companhia de Saneamento Basico do Estado de Sao Paulo (aka SABESP) collects and distributes water and provides sewage treatment services. It operates in 367 counties in the State of Sao Paulo.</p>									

<b>SJW Corp.</b>			<b>SJW</b>	<b>\$23.80</b>					
<b>Hold</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$441		2009	\$0.01	\$0.24	\$0.43	\$0.14	\$0.81	29.3x
Avg. Daily Vol (MM):	29,927		2010E	\$0.05	\$0.29	\$0.58	\$0.27	\$1.20	19.9x
52-wk Range:	\$28.24	\$19.45	2011E	\$0.08	\$0.51	\$0.56	\$0.22	\$1.37	17.4x
<p>SJW is not the typical water utility. Although the bulk of the company's revenues and earnings are derived from regulated water utility operations, other operations, including a real estate segment, add a non-regulated component to revenues. SJW also owns 1.1 million shares of California Water Service Group. The company continues to look for external growth opportunities, and with its recent acquisition in Texas, has increased its geographic footprint.</p>									
<b>Tetra Tech Inc.</b>			<b>TTEK</b>	<b>\$22.45</b>					
<b>Buy/\$28 Target Price</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPADR*</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$1,385		2009	\$0.27	\$0.26	\$0.35	\$0.33	\$1.22	18.4x
Avg. Daily Vol (MM):	529,045		2010E	\$0.30A	\$0.23A	\$0.29	\$0.34	\$1.15	19.5x
52-wk Range:	\$32.00	\$19.51	2011E	\$0.31	\$0.27	\$0.33	\$0.36	\$1.26	17.9x
*Reported semi-annually.									
<p>Tetra Tech, Inc. provides consulting, engineering, program management, construction, and technical services for resource management, infrastructure, and environment in the United States and internationally. Its services include applied science, research and technology, engineering, design, construction management, construction, operations and maintenance, and information technology. The company operates through four segments: Environmental Consulting Services (ECS), Technical Support Services (TSS), Engineering and Architecture Services (EAS), and Remediation and Construction Management (RCM). It primarily serves federal, state, and local government agencies; and commercial and international customers. The company was founded in 1966 and is headquartered in Pasadena, California.</p>									
<b>Veolia Environnement SA</b>			<b>VE</b>	<b>\$27.62</b>					
<b>Buy/\$38 Target Price</b>									
<b>Michael Gaugler, 212.702.6539</b>			<b>gauglerm@bmur.com</b>						
			<b>EPADR*</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$13,633		2009	NA	\$0.66	NA	\$1.10	\$1.77	15.6x
Avg. Daily Vol (MM):	310,287		2010E	NA	\$0.83	NA	\$1.04	\$1.88	14.7x
52-wk Range:	\$40.00	\$26.97	2011E	NA	\$0.84	NA	\$1.29	\$2.13	13.0x
*Reported semi-annually.									
<p>Veolia Environnement provides environmental services. The company operates and reports through four reporting segments: water, Waste, Energy and Transportation. The Water segment designs, builds and operates water and wastewater systems, including desalination facilities. The Waste segment provides services that include collection, flow control, treatment and recycling of waste. The Energy segment manages heating and/or cogeneration facilities. The transportation segment provides management of passenger services.</p>									

<b>Aqua America, Inc.</b>			<b>WTR</b>	<b>\$17.39</b>					
Buy/\$26 Target Price									
Michael Gaugler, 212.702.6539			gauglerm@bmur.com						
			<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$2,370		2009	\$0.14	\$0.19	\$0.25	\$0.20	\$0.77	22.7x
Avg. Daily Vol (MM):	803,666		2010E	\$0.16A	\$0.22	\$0.28	\$0.24	\$0.89	19.4x
52-wk Range:	\$18.73	\$15.39	2011E	\$0.20	\$0.24	\$0.29	\$0.25	\$0.98	17.8x
<p>Aqua America provides water and wastewater services to residential, commercial and industrial customers. The company serves approximately 2.6 million tomers in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky. The company also has a non-regulated business that provides septage hauling.</p>									
<b>Watts Water Technologies, Inc.</b>			<b>WTS</b>	<b>\$32.20</b>					
Hold									
Michael Gaugler, 212.702.6539			gauglerm@bmur.com						
			<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$1,181		2009	\$0.23	\$0.39	\$0.47	\$0.45	\$1.59	20.3x
Avg. Daily Vol (MM):	233,692		2010E	\$0.33A	\$0.41	\$0.45	\$0.48	\$1.67	19.3x
52-wk Range:	\$36.77	\$19.50	2011E	\$0.51	\$0.46	\$0.49	\$0.51	\$1.98	16.3x
<p>Watts Water Technologies designs, manufactures and markets an extensive line of valves for the plumbing, heating and water quality markets. The products manufactured are temperature, pressure safety relief valves, water pressure regulators, backflow preventers, thermostatic mixing valves, automatic control valves, water distribution manifolds, zone valves, thermostatic radiator valves, check valves, valves for water service primarily in residential and commercial environments. Other products include metal and plastic water supply/drainage products including stop valves, tubular brass products, faucets, drains, sink strainers compression and flare fittings, plastic tubing &amp; braided metal hose connectors. The company reports its sales through three segments: North America, Europe and China.</p>									
<b>The York Water Company</b>			<b>YORW</b>	<b>\$13.17</b>					
Buy/\$18 Target Price									
Michael Gaugler, 212.702.6539			gauglerm@bmur.com						
			<b>EPS</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>FY</b>	<b>P/E</b>
Market Cap (MM):	\$166		2009	\$0.13	\$0.17	\$0.18	\$0.17	\$0.65	20.3x
Avg. Daily Vol (MM):	29,946		2010E	\$0.13	\$0.16	\$0.18	\$0.19	\$0.65	20.2x
52-wk Range:	\$17.95	\$13.04	2011E	\$0.14	\$0.17	\$0.21	\$0.18	\$0.70	18.9x
<p>Founded in 1816, The York Water Company impounds, purifies and distributes drinking water that meets or exceeds safe drinking water standards. The Company's operations cover 39 municipalities within York County, Pennsylvania and seven municipalities within Adams County Pennsylvania. It currently provides services to approximately 58,000 customers.</p>									

Water Industry Valuation

Water Utilities

Comparative Valuation Statistics

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

	Rating Data						Trading & Market Data										Valuation Statistics							
	Symbol	Price	BMC	Analyst	Price	Disc To	Daily	Market	52-Week		Avg	Free	Insider	Inst.	% of Float	Beta	TEV	Mkt/	TEV/EBITDA			P/EPS		
		5/8/10	Rating	Coverage	Target	Target	Volume	Capital	High	Low	Shs Out	Float	Hldg	Hldg	Short	X	(\$ mil)	Book	2009	2010E	2011E	2009	2010E	2011E
	\$					1000	\$ (mil)	\$	\$	(mil)	(mil)	%	%	%		\$ (mil)	X	X	X	X	X	X	X	
SABESP	SBS	\$39.35	Buy	2	66.00	68%	243	4,483	44	27	114	NA	NA	NA	8	1.4	7,725	0.7	5.4	4.7	4.5	6.2	5.94	4.6
AMERICAN WATER WORKS	AWK	\$21.78	Buy	14	28.00	29%	844	3,805	24	17	175	164	NA	NA	2	NA	9,232	1.0	9.1	8.3	7.7	17.6	15.7	14.2
AQUA AMERICA	WTR	\$18.33	Buy	10	26.00	42%	648	2,510	19	15	136	136	1%	47%	21	0.3	3,962	2.3	10.0	9.2	8.4	23.5	21.1	19.1
CALIFORNIA WATER	CWT	\$38.73	Hold	7			136	806	41	33	21	20	1%	53%	6	0.3	1,195	1.9	8.9	8.3	NA	19.9	19.4	17.1
AMERICAN STATES WATER	AWR	\$37.32	Buy	4	45.00	21%	63	693	40	31	19	19	1%	62%	9	0.4	1,015	1.9	8.9	8.0	NA	23.0	19.9	17.6
SJW	SJW	\$27.48	Hold	2			31	509	28	19	18	10	2%	47%	18	0.8	761	2.0	NA	NA	NA	33.9	27.2	24.5
SOUTHWEST WATER	SWWC	\$10.67	NR	0			128	294	11	4	25	22	14%	45%	4	0.6	446	2.3	NA	NA	NA	355.7	28.8	NA
MIDDLESEX WATER	MSEX	\$18.06	NR	1			64	245	18	13	14	13	3%	37%	14	0.6	415	1.7	NA	NA	NA	25.1	19.8	19.6
CONNECTICUT WATER	CTWS	\$23.69	NR	2			21	204	26	19	9	8	2%	35%	18	0.6	336	1.9	NA	NA	NA	19.9	22.56	21.2
YORK WATER	YORW	\$13.75	Buy	3	18.00	31%	55	173	18	13	13	13	1%	24%	17	0.6	255	2.0	NA	NA	NA	21.5	21.5	19.9
ARTESIAN RESOURCES	ARTNA	\$18.94	NR	2			13	126	19	14	8	7	3%	32%	17	0.4	259	1.6	NA	NA	NA	19.5	17.7	17.1
PURE CYCLE	PCYO	\$2.94	NR	NA			10	59	4	2	20	14	0%	50%	2	0.5	117	1.3	NA	NA	NA	-10.5	-11.3	-10.5
PENNICHUCK	PNNW	\$23.27	NR	2			13	108	25	19	5	4	1%	56%	17	0.4	167	2.0	NA	NA	NA	42.3	31.9	29.8
MEDIAN							63	294					1%	47%	14	0.6		1.9	8.9	8.3	7.7	21.5	19.9	18.3

	Balance Sheet and Credit Ratings					Liquidity and Profitability Ratios										Financial Statistics/Estimates								
	Common	Pref	Minority	LT	ST	Annual	Div	Div	Current	Quick	Interest	2008	2008	2008	2008	2008	2010	Book	EBITDA			EPS		
	Equity	Stock	Interest	Debt	Debt	Rate	Yield	Payout	Ratio	Ratio	Coverage	ROA	ROE	Yield	Yield	Yield	PEG	Value	2009	2010E	2011E*	2009	2010E	2011E*
%	%	%	%	%	\$	%	%	X	X	X	%	%	%	%	%	X	\$	\$	\$	\$	\$	\$	\$	
SABESP	62%	0%	0%	33%	5%	0.00	0.0%	0	0.8	0.7	9	8%	13%	2%	16%	1	53.02	1434	1651	1711	6.34	6.63	8.58	
AMERICAN WATER WORKS	42%	0%	0%	56%	2%	0.84	3.9%	NA	0.8	0.7	3	0%	-6%	-4%	-6%	NA	22.91	1011	1117	1197	1.24	1.39	1.53	
AQUA AMERICA	43%	0%	0%	54%	3%	0.58	3.2%	74	0.6	0.5	5	4%	10%	-4%	4%	NA	8.12	394	431	471	0.78	0.87	0.96	
CALIFORNIA WATER	51%	0%	0%	46%	3%	1.19	3.1%	61	0.8	0.6	4	4%	10%	-7%	5%	NA	20.26	135	144	NA	1.95	2.00	2.27	
AMERICAN STATES WATER	53%	0%	0%	45%	3%	1.04	2.8%	63	1.0	0.5	4	4%	9%	-3%	4%	NA	19.39	114	127	NA	1.62	1.88	2.12	
SJW	50%	0%	0%	49%	1%	0.68	2.5%	82	0.9	0.4	4	3%	6%	-4%	3%	NA	13.66	NA	NA	NA	0.81	1.01	1.12	
SOUTHWEST WATER	43%	0%	0%	56%	1%	0.20	1.9%	NA	1.1	0.9	1	2%	4%	-4%	-5%	0	4.64	NA	NA	NA	0.03	0.37	-	
MIDDLESEX WATER	44%	1%	0%	40%	15%	0.72	4.0%	99	0.4	0.3	4	3%	7%	-2%	4%	NA	10.33	NA	NA	NA	0.72	0.91	0.92	
CONNECTICUT WATER	44%	0%	0%	45%	10%	0.91	3.8%	76	0.6	0.4	3	4%	10%	-8%	5%	NA	12.66	NA	NA	NA	1.19	1.05	1.12	
YORK WATER	51%	0%	0%	43%	6%	0.51	3.7%	79	0.5	0.4	4	4%	10%	-4%	5%	NA	6.92	NA	NA	NA	0.64	0.64	0.69	
ARTESIAN RESOURCES	41%	0%	0%	47%	12%	0.75	4.0%	76	0.4	0.3	3	3%	8%	-3%	5%	NA	12.15	NA	NA	NA	0.97	1.07	1.11	
PURE CYCLE	42%	0%	0%	57%	0%	0.00	0.0%	0	17.7	27.8	NA	-5%	-11%	-3%	-10%	NA	2.21	NA	NA	NA	-0.28	-0.26	-0.28	
PENNICHUCK	48%	0%	0%	47%	5%	0.72	3.1%	NA	1.1	0.7	2	3%	5%	-2%	2%	NA	11.87	NA	NA	NA	0.55	0.73	0.78	
MEDIAN	47%	0%	0%	47%	3%	\$0.72	3.1%	75	0.8	0.5	4	3%	8%	-4%	4%	1								

**Flow Technology**  
Comparative Valuation Statistics

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

	Rating Data					Trading & Market Data											Valuation Statistics							
	Symbol	Price 5/8/10 \$	BMC Rating	Analyst Coverage	Price Target	Disc To Target	Daily Volume 1000	Market Capital \$ (mil)	52-Week High	Low	Avg Shs Out (mil)	Free Float (mil)	Insider Hldg	Inst. Hldg	% of Float Short	Beta	TEV \$ (mil)	Mkt/ Book	TEV/EBITDA			P/EPS		
																		X	2009	2010E	2011E	2009	2010E	2011E
EMERSON ELECTRIC	EMR	\$52.23	NR	15		3,580	39,300	54	30	752	56	0%	72%	2	1.2	43,405	4.5	11.4	10.0	9.2	21.5	21.06	17.2	
ITT	ITT	\$55.57	NR	15		3,976	10,184	58	39	182	183	0%	81%	2	1.1	10,474	2.6	7.2	6.7	6.6	14.7	13.5	12.2	
FLOWERVE	FLS	\$114.58	NR	9		661	6,394	120	61	55	56	0%	89%	2	1.6	6,312	3.5	9.0	7.9	7.1	13.5	16.4	13.2	
SPX	SPW	\$69.88	NR	9		817	3,484	72	42	NA	50	2%	86%	3	1.6	4,250	NA	9.6	8.2	7.0	15.9	22.1	16.1	
ROPER INDUSTRIES	ROP	\$61.02	NR	0		688	5,717	64	42	94	94	1%	99%	9	0.7	6,703	2.4	11.2	10.2	9.1	22.9	19.8	17.2	
PENTAIR	PNR	\$36.16	NR	16		744	3,567	39	23	99	98	1%	79%	5	1.1	4,500	1.8	10.8	9.6	8.6	24.6	18.9	15.9	
<b>IDEX</b>	<b>IEX</b>	<b>\$33.60</b>	<b>Hold</b>	<b>10</b>		<b>495</b>	<b>2,722</b>	<b>36</b>	<b>22</b>	<b>81</b>	<b>81</b>	<b>1%</b>	<b>98%</b>	<b>5</b>	<b>1.3</b>	<b>3,048</b>	<b>2.1</b>	<b>10.5</b>	<b>9.5</b>	<b>9.6</b>	<b>22.1</b>	<b>18.3</b>	<b>16.0</b>	
CRANE COMPANY	CR	\$35.94	NR	5		369	2,110	39	20	59	47	1%	68%	2	1.7	2,145	2.4	7.6	6.9	6.5	16.7	15.2	13.4	
ITRON	ITRI	\$79.61	NR	22		1,063	3,199	82	46	40	40	1%	95%	5	1.7	3,571	2.3	NA	11.2	10.0	38.1	24.50	20.4	
<b>WATTS WATER TECHNOLOGIES</b>	<b>WTS</b>	<b>\$35.48</b>	<b>Hold</b>	<b>15</b>		<b>235</b>	<b>1,051</b>	<b>37</b>	<b>20</b>	<b>37</b>	<b>29</b>	<b>2%</b>	<b>94%</b>	<b>12</b>	<b>1.1</b>	<b>1,141</b>	<b>1.5</b>	<b>7.1</b>	<b>6.5</b>	<b>6.5</b>	<b>23.0</b>	<b>21.2</b>	<b>18.2</b>	
MUELLER INDUSTRIES	MLI	\$29.65	NR	0		268	1,117	31	19	38	38	1%	94%	7	1.0	932	1.5	6.4	5.7	NA	34.1	20.7	18.1	
AMERON INT'L	AMN	\$69.39	NR	3		46	640	92	49	9	7	1%	88%	4	1.1	523	1.3	7.9	5.6	NA	22.8	24.3	16.7	
ROBBINS & MYERS	RBN	\$25.91	NR	6		249	853	28	17	33	56	18%	78%	NA	NA	766	1.8	12.0	8.2	NA	16.1	28.2	17.0	
<b>MUELLER WATER PRODUCTS</b>	<b>MWA</b>	<b>\$5.60</b>	<b>Buy</b>	<b>11</b>	<b>6.25</b>	<b>1,284</b>	<b>864</b>	<b>6</b>	<b>3</b>	<b>154</b>	<b>147</b>	<b>NA</b>	<b>NA</b>	<b>4</b>	<b>1.7</b>	<b>1,478</b>	<b>2.0</b>	<b>12.3</b>	<b>7.2</b>	<b>6.3</b>	<b>-19.3</b>	<b>-46.7</b>	<b>20.7</b>	
FRANKLIN ELECTRIC	FELE	\$34.99	NR	4		193	809	37	22	23	16	2%	71%	7	1.0	884	2.1	10.0	8.5	NA	27.1	20.3	16.9	
CIRCOR INT'L	CIR	\$34.46	NR	6		107	587	36	22	17	17	1%	93%	4	1.4	527	1.7	9.8	7.3	8.3	17.6	24.8	16.3	
BADGER METER	BMI	\$41.36	NR	12		101	620	45	33	15	15	4%	74%	16	1.1	614	4.3	12.2	10.6	NA	23.0	23.2	20.2	
INSITUFORM TECH	INSU	\$23.97	NR	7		549	941	28	13	39	39	1%	98%	10	0.9	953	1.7	7.9	7.0	NA	23.0	16.3	13.9	
NORTHWEST PIPE	NWPX	\$24.12	NR	2		95	223	42	19	9	7	3%	97%	6	1.3	305	0.7	19.0	12.7	9.0	52.4	21.3	15.1	
ENERGY RECOVERY	ERII	\$6.03	NR	12		260	309	9	5	51	41	NA	NA	18	NA	246	2.6	14.5	10.1	8.0	86.1	50.3	27.4	
DXP ENTERPRISES	DXPE	\$16.59	NR	3		123	215	17	9	13	8	14%	59%	9	1.3	330	2.4	7.5	6.2	5.2	21.8	14.8	11.4	
<b>MEDIAN</b>						<b>369</b>	<b>1,051</b>					<b>1%</b>	<b>88%</b>	<b>5</b>	<b>1.2</b>		<b>2.1</b>	<b>9.9</b>	<b>8.2</b>	<b>8.0</b>	<b>22.8</b>	<b>20.7</b>	<b>16.7</b>	

	Balance Sheet and Credit Ratings					Liquidity and Profitability Ratios											Financial Statistics/Estimates							
	Common Equity	Pref Stock	Minority Interest	LT Debt	ST Debt	Annual Rate	Div Yield	Div Payout	Current Ratio	Quick Ratio	Interest Coverage	2008 ROA	2008 ROE	2008 Yield	2008 FCF Yield	2008 EPS Yield	2010 PEG	Book Value	EBITDA			EPS		
	%	%	%	%	%	\$	%	%	X	X	X	%	%	%	%	%	X	\$	2009	2010E	2011E*	2009	2010E	2011E*
EMERSON ELECTRIC	60%	0%	1%	31%	8%	1.34	2.6%	60	1.4	1.0	12	9%	20%	2%	4%	NA	11.68	3819	4337	4709	2.43	2.48	3.04	
ITT	72%	0%	0%	27%	1%	1.00	1.8%	NA	1.6	1.2	14	7%	19%	6%	6%	NA	21.36	1457	1554	1597	3.78	4.13	4.55	
FLOWERVE	76%	0%	0%	23%	1%	1.16	1.0%	14	1.7	1.0	19	11%	27%	6%	7%	NA	32.68	698	801	890	8.47	6.99	8.69	
SPX	59%	0%	0%	35%	5%	1.00	1.4%	NA	1.4	1.0	-2	2%	2%	9%	1%	NA	NA	443	518	607	4.40	3.16	4.33	
ROPER INDUSTRIES	68%	0%	0%	29%	3%	0.38	0.6%	13	1.8	1.3	9	7%	11%	6%	4%	NA	25.87	596	660	735	2.67	3.08	3.54	
PENTAIR	67%	0%	4%	29%	0%	0.76	2.1%	55	2.2	1.1	9	3%	6%	4%	3%	NA	20.26	415	467	521	1.47	1.91	2.27	
<b>IDEX</b>	<b>76%</b>	<b>0%</b>	<b>4%</b>	<b>23%</b>	<b>1%</b>	<b>0.60</b>	<b>1.8%</b>	<b>NA</b>	<b>2.4</b>	<b>1.4</b>	<b>NA</b>	<b>6%</b>	<b>9%</b>	<b>4%</b>	<b>4%</b>	<b>NA</b>	<b>15.66</b>	<b>291</b>	<b>322</b>	<b>318</b>	<b>1.52</b>	<b>1.84</b>	<b>2.10</b>	
CRANE COMPANY	68%	0%	1%	31%	0%	0.80	2.2%	33	2.2	1.5	12	6%	16%	3%	6%	NA	15.13	283	310	329	2.15	2.37	2.68	
ITRON	74%	0%	0%	26%	1%	0.00	0.0%	0	1.6	1.0	3	1%	0%	3%	0%	NA	34.89	265	319	356	2.09	3.25	3.90	
<b>WATTS WATER TECHNOLOGIES</b>	<b>71%</b>	<b>0%</b>	<b>0%</b>	<b>25%</b>	<b>4%</b>	<b>0.44</b>	<b>1.2%</b>	<b>NA</b>	<b>2.6</b>	<b>1.5</b>	<b>7</b>	<b>2%</b>	<b>2%</b>	<b>4%</b>	<b>1%</b>	<b>NA</b>	<b>23.97</b>	<b>160</b>	<b>175</b>	<b>175</b>	<b>1.54</b>	<b>1.67</b>	<b>1.95</b>	
MUELLER INDUSTRIES	78%	0%	3%	17%	3%	0.40	1.3%	NA	4.0	3.2	23	1%	1%	4%	0%	NA	19.66	145	163	NA	0.87	1.43	1.64	
AMERON INT'L	93%	0%	0%	6%	1%	1.20	1.7%	36	3.1	2.4	NA	5%	7%	3%	5%	NA	52.52	66	93	NA	3.05	2.86	4.16	
ROBBINS & MYERS	91%	0%	3%	0%	6%	0.17	0.7%	16	2.4	1.4	NA	7%	11%	7%	6%	NA	14.33	64	93	NA	1.61	0.92	1.52	
<b>MUELLER WATER PRODUCTS</b>	<b>37%</b>	<b>0%</b>	<b>0%</b>	<b>62%</b>	<b>1%</b>	<b>0.07</b>	<b>1.3%</b>	<b>NA</b>	<b>4.3</b>	<b>1.4</b>	<b>1</b>	<b>-39%</b>	<b>NA</b>	<b>4%</b>	<b>-153%</b>	<b>NA</b>	<b>2.79</b>	<b>121</b>	<b>205</b>	<b>235</b>	<b>-0.29</b>	<b>-0.12</b>	<b>0.27</b>	
FRANKLIN ELECTRIC	71%	0%	2%	28%	0%	0.52	1.5%	45	3.7	1.8	9	5%	7%	4%	3%	NA	16.78	88	104	NA	1.29	1.72	2.07	
CIRCOR INT'L	98%	0%	0%	0%	2%	0.15	0.4%	NA	2.5	1.3	-42	1%	2%	6%	1%	NA	20.62	54	72	64	1.96	1.39	2.12	
BADGER METER	95%	0%	0%	0%	5%	0.48	1.2%	22	3.3	1.9	NA	18%	27%	3%	6%	NA	9.65	50	58	NA	1.80	1.78	2.05	
INSITUFORM TECH	82%	0%	1%	15%	2%	0.00	0.0%	0	2.3	1.6	11	5%	6%	5%	3%	NA	13.82	121	137	NA	1.04	1.47	1.72	
NORTHWEST PIPE	78%	0%	0%	20%	2%	0.00	0.0%	0	5.3	1.4	5	8%	12%	11%	14%	0	32.17	16	24	34	0.46	1.13	1.60	
ENERGY RECOVERY	99%	0%	0%	1%	0%	0.00	0.0%	0	5.5	4.7	#N/A	3%	3%	0%	1%	NA	2.36	17	24	31	0.07	0.12	0.22	
DXP ENTERPRISES	43%	1%	0%	50%	6%	0.00	0.0%	0	2.1	1.0	-52	-12%	-39%	9%	-20%	0	6.85	44	54	63	0.76	1.12	1.45	
<b>MEDIAN</b>	<b>74%</b>	<b>0%</b>	<b>0%</b>	<b>25%</b>	<b>2%</b>	<b>\$0.44</b>	<b>1.2%</b>	<b>15</b>	<b>2</b>	<b>1</b>		<b>5%</b>	<b>7%</b>	<b>4%</b>	<b>3%</b>	<b>0</b>								

Water Solutions

Comparative Valuation Statistics

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

Rating Data						Trading & Market Data											Valuation Statistics						
Symbol	Price 5/8/10 \$	BMC Rating	Analyst Coverage	Price Target	Disc To Target	Daily Volume 1000	Market Capital \$ (mil)	52-Week High \$	52-Week Low \$	Avg Shs Out (mil)	Free Float (mil)	Insider Hldg %	Inst. Hldg %	% of Float Short	Beta X	TEV \$ (mil)	Mkt/Book X	TEV/EBITDA			P/EPS		
																		2009	2010E	2011E	2009	2010E	2011E
GENERAL ELECTRIC	GE \$18.86	NR	13			112,133	201,290	20	11	10,663	262	56%	100%	1	1.6	595,135	1.7	21.5	18.4	16.2	16.5	17.46	14.5
<b>VEOLIA ENVIRONNEMENT</b>	<b>VE \$31.19</b>	<b>Buy</b>	<b>2</b>	<b>38.00</b>	<b>22%</b>	<b>301</b>	<b>15,395</b>	<b>40</b>	<b>27</b>	<b>479</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>2</b>	<b>1.5</b>	<b>40,468</b>	<b>1.4</b>	<b>7.8</b>	<b>7.2</b>	<b>NA</b>	<b>NA</b>	<b>17.1</b>	<b>14.5</b>
DANAHER	DHR \$84.28	NR	15			3,018	27,361	86	57	325	262	2%	74%	3	0.9	29,441	2.3	12.0	10.8	9.7	23.9	19.4	16.9
AIR PRODUCTS & CHEM	APD \$76.78	NR	18			1,396	16,304	85	60	212	212	0%	85%	1	1.2	20,570	<b>3.1</b>	<b>8.6</b>	<b>7.7</b>	<b>7.1</b>	<b>18.9</b>	<b>15.4</b>	<b>13.7</b>
NALCO HOLDING	NLC \$24.73	NR	0			1,537	3,420	27	15	138	129	1%	90%	4	1.4	6,293	7.1	8.7	8.1	7.8	26.0	17.8	14.6
ASHLAND	ASH \$59.56	NR	10			1,470	4,649	64	22	78	78	NA	NA	2	1.7	5,837	1.2	6.3	6.2	6.0	18.3	14.5	13.0
<b>TETRA TECH</b>	<b>TTEK \$24.38</b>	<b>Buy</b>	<b>17</b>	<b>28.00</b>	<b>15%</b>	<b>978</b>	<b>1,504</b>	<b>32</b>	<b>20</b>	<b>61</b>	<b>62</b>	<b>0%</b>	<b>85%</b>	<b>5</b>	<b>1.0</b>	<b>1,433</b>	<b>2.2</b>	<b>9.6</b>	<b>8.4</b>	<b>7.0</b>	<b>20.0</b>	<b>21.2</b>	<b>18.2</b>
ARCH CHEMICALS	ARJ \$34.01	NR	3			151	854	38	22	25	25	1%	93%	9	1.2	998	2.1	6.9	6.6	NA	18.3	16.9	14.9
LAYNE CHRISTENSEN	LAYN \$27.36	NR	6			86	534	35	18	19	16	3%	87%	6	1.7	474	1.1	NA	4.7	4.6	12.4	33.78	28.5
<b>CALGON CARBON</b>	<b>CCC \$15.50</b>	<b>Buy</b>	<b>13</b>	<b>24.00</b>	<b>55%</b>	<b>1,026</b>	<b>870</b>	<b>18</b>	<b>11</b>	<b>56</b>	<b>56</b>	<b>1%</b>	<b>98%</b>	<b>12</b>	<b>0.8</b>	<b>827</b>	<b>2.8</b>	<b>8.8</b>	<b>7.3</b>	<b>6.8</b>	<b>22.5</b>	<b>19.4</b>	<b>16.5</b>
CASCAL NV	HOO \$6.74	NR	0			228	206	8	3	31	13	NA	NA	1	NA	437	1.7	7.2	6.1	5.7	11.6	8.9	11.0
<b>CONSOLIDATED WATER</b>	<b>CWCO \$14.15</b>	<b>Buy</b>	<b>2</b>	<b>19.00</b>	<b>34%</b>	<b>58</b>	<b>206</b>	<b>21</b>	<b>12</b>	<b>15</b>	<b>NA</b>	<b>0%</b>	<b>55%</b>	<b>9</b>	<b>1.5</b>	<b>173</b>	<b>1.1</b>	<b>8.8</b>	<b>8.3</b>	<b>NA</b>	<b>19.1</b>	<b>17.7</b>	<b>17.3</b>
CANTEL MEDICAL	CMN \$19.96	NR	3			136	336	22	12	18	262	15%	67%	5	1.0	348	1.8	7.6	7.3	NA	20.8	16.5	15.0
TRI-TECH HOLDINGS	TRIT \$14.05	NR	0			50	106	26	8	NA	262	NA	NA	0	NA	106	3.3	NA	NA	NA	-4.8	NA	NA
BARNWELL INDUSTRIES	BRN \$4.40	Hold	NA			7	36	6	3	8	4	23%	18%	0	1.3	58	1.0	NA	NA	NA	-1.5	NA	NA
RINO INTERNATIONAL	RINO \$17.22	NR	4			873	493	35	3	NA	262	NA	NA	4	NA	360	NA	NA	NA	NA	NA	NA	NA
<b>MEDIAN</b>						<b>587</b>	<b>862</b>					<b>0</b>	<b>85%</b>	<b>3</b>	<b>1</b>		<b>1.8</b>	<b>8.6</b>	<b>7.3</b>	<b>7.0</b>	<b>18.6</b>	<b>17.5</b>	<b>14.9</b>

Balance Sheet and Credit Ratings					Liquidity and Profitability Ratios											Financial Statistics/Estimates						
Common Equity %	Pref Stock %	Minority Interest %	LT Debt %	ST Debt %	Annual Rate \$	Div Yield %	Div Payout %	Current Ratio X	Quick Ratio X	Interest Coverage X	2008 ROA %	2008 ROE %	2008 FCF Yield %	2008 EPS Yield %	2010 PEG X	Book Value \$	EBITDA			EPS		
																	2009	2010E	2011E*	2009	2010E	2011E*
GENERAL ELECTRIC	18%	0%	1%	59%	0.40	2.1%	43	0.9	0.8	#N/A	3%	10%	6%	5%	NA	11.00	27702	32428	36792	1.14	1.08	1.30
<b>VEOLIA ENVIRONNEMENT</b>	<b>24%</b>	<b>0%</b>	<b>9%</b>	<b>57%</b>	<b>1.69</b>	<b>5.4%</b>	<b>NA</b>	<b>1.1</b>	<b>1.0</b>	<b>NA</b>	<b>3%</b>	<b>8%</b>	<b>-1%</b>	<b>5%</b>	<b>NA</b>	<b>22.32</b>	<b>5211</b>	<b>5656</b>	<b>NA</b>	<b>-</b>	<b>1.82</b>	<b>2.15</b>
DANAHER	80%	0%	0%	19%	0.16	0.2%	4	1.6	1.3	17	7%	11%	4%	4%	NA	36.51	2459	2737	3031	3.53	4.35	4.99
AIR PRODUCTS & CHEM	54%	0%	2%	36%	1.96	2.6%	46	1.2	0.8	17	6%	13%	-1%	4%	NA	24.80	2403	2656	2897	4.06	4.99	5.62
NALCO HOLDING	14%	0%	1%	76%	0.14	0.6%	NA	1.4	0.9	3	5%	14%	6%	2%	NA	3.49	727	779	806	0.95	1.39	1.69
ASHLAND	70%	0%	0%	28%	0.30	0.5%	NA	1.8	1.1	5	3%	2%	9%	2%	NA	48.09	920	939	966	3.26	4.12	4.59
<b>TETRA TECH</b>	<b>98%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>0.00</b>	<b>0.0%</b>	<b>0</b>	<b>1.6</b>	<b>1.4</b>	<b>152</b>	<b>8%</b>	<b>15%</b>	<b>8%</b>	<b>6%</b>	<b>NA</b>	<b>10.96</b>	<b>149</b>	<b>172</b>	<b>204</b>	<b>1.22</b>	<b>1.15</b>	<b>1.34</b>
ARCH CHEMICALS	58%	0%	0%	37%	0.80	2.4%	43	1.9	1.2	5	5%	12%	7%	6%	NA	16.20	145	152	NA	1.86	2.01	2.28
LAYNE CHRISTENSEN	95%	0%	0%	1%	0.00	0.0%	0	1.6	0.9	35	0%	0%	4%	0%	NA	24.02	84	101	102	2.20	0.81	0.96
<b>CALGON CARBON</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0.00</b>	<b>0.0%</b>	<b>0</b>	<b>3.6</b>	<b>1.8</b>	<b>NA</b>	<b>10%</b>	<b>14%</b>	<b>2%</b>	<b>4%</b>	<b>NA</b>	<b>5.53</b>	<b>94</b>	<b>114</b>	<b>121</b>	<b>0.69</b>	<b>0.80</b>	<b>0.94</b>
CASCAL NV	24%	0%	10%	46%	0.09	1.3%	24	0.5	0.4	0	5%	14%	0%	5%	NA	3.87	61	72	76	0.58	0.76	0.61
<b>CONSOLIDATED WATER</b>	<b>82%</b>	<b>0%</b>	<b>1%</b>	<b>16%</b>	<b>0.30</b>	<b>2.1%</b>	<b>53</b>	<b>6.8</b>	<b>6.4</b>	<b>NA</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>3%</b>	<b>2</b>	<b>12.85</b>	<b>20</b>	<b>21</b>	<b>NA</b>	<b>0.74</b>	<b>0.80</b>	<b>0.82</b>
CANTEL MEDICAL	87%	0%	0%	2%	0.10	0.5%	4	1.7	1.4	32	6%	9%	7%	5%	NA	11.18	46	48	NA	0.96	1.21	1.33
TRI-TECH HOLDINGS	87%	0%	0%	2%	0.00	0.0%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.92	1.18	1.44
BARNWELL INDUSTRIES	52%	0%	2%	20%	0.00	0.0%	NA	1.2	0.5	20	-22%	-52%	-16%	-67%	NA	4.27	NA	NA	NA	-2.95	-	-
RINO INTERNATIONAL	52%	0%	2%	20%	0.00	0.0%	43	15.7	13.0	25358	30%	42%	89%	88%	NA							
<b>MEDIAN</b>	<b>64%</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	<b>\$0.12</b>	<b>0.5%</b>	<b>24</b>	<b>2</b>	<b>1</b>		<b>5%</b>	<b>11%</b>	<b>6%</b>	<b>4%</b>	<b>2</b>							

**Water Solutions - Filtration**

Comparative Valuation Statistics

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

	Rating Data					Trading & Market Data											Valuation Statistics							
	Symbol	Price 5/8/10 \$	BMC Rating	Analyst Coverage	Price Target	Disc To Target	Daily Volume 1000	Market Capital \$ (mil)	52-Week High \$	52-Week Low \$	Avg Shs Out (mil)	Free Float (mil)	Insider Hldg %	Inst. Hldg %	% of Float Short	Beta X	TEV \$ (mil)	Mkt/Book X	TEV/EBITDA			P/EPS		
																			2009	2010E	2011E	2009	2010E	2011E
3M COMPANY	MMM	\$88.67	NR	14		5,262	63,126	90	55	711	712	0%	69%	1	0.7	65,685	4.9	9.5	8.9	8.3	18.9	15.92	14.3	
SHAW GROUP	SHAW	\$38.28	NR	11		2,251	3,228	40	23	84	84	1%	82%	NA	1.6	2,101	2.2	5.6	4.9	4.2	19.0	17.6	15.0	
PALL	PLL	\$38.99	NR	10		926	4,558	42	24	117	117	0%	90%	1	0.9	4,835	3.9	10.6	9.6	8.7	22.0	19.7	17.0	
MILLIPORE	MIL	\$106.15	NR	10		1,535	5,968	106	59	56	56	0%	93%	1	0.8	6,710	3.9	14.7	13.2	12.3	26.5	24.0	21.7	
CLARCOR	CLC	\$37.82	NR	0		250	1,907	39	27	50	50	2%	85%	9	0.9	1,859	2.8	11.2	10.3	NA	26.8	22.4	19.5	
LYDALL	LDL	\$8.06	NR	NA		157	137	9	3	17	17	3%	75%	2	1.8	121	0.9	NA	NA	NA	-15.8	28.8	NA	
<b>MET-PRO</b>	<b>MPR</b>	<b>\$10.17</b>	<b>Buy</b>	<b>3</b>	<b>12.00</b>	<b>47</b>	<b>149</b>	<b>11</b>	<b>8</b>	<b>15</b>	<b>14</b>	<b>2%</b>	<b>55%</b>	<b>12</b>	<b>1.4</b>	<b>121</b>	<b>1.8</b>	<b>9.6</b>	<b>NA</b>	<b>NA</b>	<b>15.4</b>	<b>32.8</b>	<b>20.8</b>	
<b>MEDIAN</b>						<b>926</b>	<b>3,228</b>					<b>1%</b>	<b>82%</b>	<b>2</b>	<b>0.9</b>		<b>2.8</b>	<b>10.1</b>	<b>9.6</b>	<b>8.5</b>	<b>NA</b>	<b>22.4</b>	<b>18.2</b>	
	Balance Sheet and Credit Ratings					Liquidity and Profitability Ratios										Financial Statistics/Estimates								
	Common Equity %	Pref Stock %	Minority Interest %	LT Debt %	ST Debt %	Annual Rate \$	Div Yield %	Div Payout %	Current Ratio X	Quick Ratio X	Interest Coverage X	2008 ROA %	2008 ROE %	2008 FCF Yield %	2008 EPS Yield %	2010 PEG X	Book Value \$	EBITDA			EPS			
																		2009	2010E	2011E*	2009	2010E	2011E*	
3M COMPANY	67%	0%	3%	27%	3%	2.10	2.4%	41	2.2	1.5	31	13%	28%	4%	5%	NA	17.96	6901	7408	7960	4.68	5.57	6.19	
SHAW GROUP	50%	0%	1%	0%	49%	0.00	0.0%	0	1.1	0.8	12	1%	1%	5%	0%	NA	17.49	373	427	498	2.02	2.17	2.56	
PALL	62%	0%	0%	30%	8%	0.64	1.6%	31	2.4	1.4	19	8%	17%	2%	4%	NA	10.11	455	502	553	1.77	1.98	2.30	
MILLIPORE	62%	0%	0%	37%	2%	0.00	0.0%	0	2.5	1.5	7	8%	13%	5%	3%	NA	26.99	456	508	547	4.01	4.43	4.89	
CLARCOR	95%	0%	0%	4%	0%	0.39	1.0%	25	3.2	1.9	NA	7%	11%	3%	4%	NA	13.74	167	180	NA	1.41	1.69	1.94	
LYDALL	96%	0%	0%	3%	1%	0.00	0.0%	0	2.5	1.7	13	-6%	-9%	-3%	-11%	NA	9.17	NA	NA	NA	-0.51	0.28	-	
<b>MET-PRO</b>	<b>96%</b>	<b>0%</b>	<b>0%</b>	<b>4%</b>	<b>1%</b>	<b>0.24</b>	<b>2.4%</b>	<b>80</b>	<b>6.2</b>	<b>4.5</b>	<b>40</b>	<b>4%</b>	<b>6%</b>	<b>1%</b>	<b>3%</b>	<b>NA</b>	<b>5.54</b>	<b>13</b>	<b>NA</b>	<b>NA</b>	<b>0.66</b>	<b>0.31</b>	<b>0.49</b>	
<b>MEDIAN</b>	<b>67%</b>	<b>0%</b>	<b>0%</b>	<b>4%</b>	<b>2%</b>	<b>\$0.24</b>	<b>1.0%</b>	<b>25</b>	<b>3</b>	<b>1</b>		<b>7%</b>	<b>11%</b>	<b>3%</b>	<b>3%</b>	<b>NA</b>								

## Water Industry Performance

## Utilities

Historical Change in [Total Return](#)

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Company Information		Closing Price	Trading Range (LTM)				Trading Data		Percentage Change In Total Return				Calendar Year Change							
	Symbol	5/8/2010	High	Date	Low	Date	Volume	Beta	Week	Month	Qtr	YTD	LTM	5 Yrs	10 Yrs	2005	2006	2007	2008	2009
		Per Share	Per Share	Per Share	Per Share		(1,000)		%	%	%	%	%	%	%	%	%	%	%	%
SABESP	SBS	\$35.78	\$43.66	15Oct2009	\$26.77	23Jun2009	488	1.39	-9.1	-7.2	8.5	-8.2	32.5	215.3	NA	21.8	109.0	41.7	-47.1	70.0
AMERICAN WATER WORKS	AWK	\$20.71	\$23.77	11Jan2010	\$16.55	2Jun2009	2138	NA	-4.9	-4.6	-3.3	-6.7	17.8	NA	NA	NA	NA	NA	NA	11.9
AQUA AMERICA	WTR	\$17.39	\$18.73	3May2010	\$15.39	30Oct2009	1524	0.28	-5.1	-2.8	4.8	0.2	-2.4	-4.9	146.2	50.8	-15.0	-5.0	-0.2	-12.2
CALIFORNIA WATER	CWT	\$36.26	\$40.65	21Oct2009	\$33.49	26May2009	157	0.28	-5.6	-3.7	2.7	0.1	1.0	18.6	102.7	4.8	8.8	-5.5	29.5	-18.2
AMERICAN STATES WATER	AWR	\$36.12	\$39.61	21Apr2010	\$30.82	28May2009	142	0.36	-3.2	-2.2	13.5	2.8	9.7	50.2	155.8	22.3	28.6	-0.1	-9.9	10.5
SJW	SJW	\$23.80	\$28.24	16Apr2010	\$19.45	29May2009	47	0.80	-12.8	-11.5	10.1	7.0	5.0	44.5	62.1	28.2	74.0	-8.9	-11.6	-22.4
SOUTHWEST WATER	SWWC	\$10.46	\$10.75	3May2010	\$4.32	11Aug2009	283	0.62	-2.0	-0.2	78.4	78.4	103.4	1.5	111.2	13.5	-2.3	-7.4	-73.9	87.6
MIDDLESEX WATER	MSEX	\$16.29	\$18.32	29Apr2010	\$12.61	15May2009	37	0.61	-9.8	-8.3	0.3	-6.5	21.3	2.3	69.0	-5.2	12.0	5.0	-5.4	7.2
CONNECTICUT WATER	CTWS	\$21.39	\$26.45	21Dec2009	\$19.31	13May2009	48	0.62	-9.7	-9.4	0.0	-12.8	11.5	1.9	62.2	-4.4	-3.7	7.4	3.7	9.4
YORK WATER	YORW	\$13.17	\$17.95	30Jul2009	\$13.04	8Feb2010	41	0.65	-4.2	-5.2	1.9	-8.4	0.6	15.7	282.9	37.0	6.4	-10.8	-19.2	24.3
ARTESIAN RESOURCES	ARTNA	\$17.80	\$19.33	30Apr2010	\$14.33	16Jun2009	25	0.41	-5.1	-0.8	3.0	-0.7	30.4	8.5	147.2	8.3	2.8	-0.5	-12.4	20.7
PURE CYCLE	PCYO	\$2.95	\$3.71	3Jul2009	\$2.00	1Dec2009	3	0.56	0.3	13.5	37.9	3.5	3.5	-59.1	109.8	-14.5	9.5	-6.7	-66.6	10.9
PENNICHUCK	PNNW	\$21.75	\$24.80	1Jul2009	\$19.00	5Feb2010	22	0.36	-6.5	-7.1	10.1	3.9	8.1	21.1	97.3	7.7	2.1	35.7	-20.7	6.4
<b>Average</b>							<b>381</b>	<b>0.58</b>	<b>-6.0</b>	<b>-3.8</b>	<b>12.9</b>	<b>4.0</b>	<b>18.6</b>	<b>26.3</b>	<b>122.4</b>	<b>14.2</b>	<b>19.3</b>	<b>3.7</b>	<b>-19.5</b>	<b>15.9</b>
<b>Market Index Comparisons</b>																				
S&P 500	SPX	1110.88	1219.80	26Apr2010	869.32	8Jul2009	-----	1.03	-4.9	-4.5	7.3	1.8	27.0	6.3	-4.9	4.9	15.8	5.5	-37.0	26.5
Dow Jones Industrials	DJIA	10380.43	11258.01	26Apr2010	8087.19	8Jul2009	-----	1.00	-5.6	-4.6	5.4	0.4	27.0	14.0	23.4	1.7	19.0	8.9	-31.9	22.7
Nasdaq Composite	NASDAQ	2265.64	2535.28	26Apr2010	1664.19	13May2009	-----	1.06	-7.9	-6.7	6.8	0.1	32.0	14.4	-38.3	3.6	12.2	9.6	-41.9	#N/A
Powershares Dyn Water	PHD	\$16.43	\$18.68	26Apr2010	\$13.28	14May2009	-----	NA	-9.0	-7.1	7.0	-2.5	16.7	NA	NA	NA	22.2	16.7	-32.4	18.0



## Flow Technology

## Historical Change in Total Return

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

Company Information		Closing Price		Trading Range (LTM)				Trading Data		Percentage Change In Total Return										
	Symbol	5/8/2010	High	Date	Low	Date	Volume	Beta	Week	Month	Qtr	YTD	LTM	5 Yrs	10 Yrs	2005	2006	2007	2008	2009
		Per Share	Per Share		Per Share		(1,000)		%	%	%	%	%	%	%	%	%	%	%	%
EMERSON ELECTRIC	EMR	\$48.47	\$53.73	3May2010	\$30.34	8Jul2009	13256	1.15	-7.2	-3.9	9.8	14.6	41.5	64.6	129.8	9.2	20.7	31.4	-33.6	20.7
ITT	ITT	\$49.99	\$57.99	29Apr2010	\$39.19	21May2009	5903	1.12	-10.0	-7.2	5.7	1.0	21.7	15.6	270.9	NA	NA	NA	NA	10.3
FLOWSERVE	FLS	\$103.50	\$119.83	26Apr2010	\$60.90	8Jul2009	2216	1.65	-9.7	-9.9	13.4	9.8	46.7	264.0	568.4	43.6	27.6	92.2	-45.8	86.1
SPX	SPW	\$62.68	\$72.27	30Apr2010	\$41.67	14May2009	1378	1.56	-10.3	-8.4	16.2	15.0	36.0	61.0	29.3	16.8	36.1	70.1	-60.0	37.4
ROPER INDUSTRIES	ROP	\$57.48	\$63.95	23Apr2010	\$41.54	8Jul2009	1310	0.75	-5.8	-3.4	11.1	10.1	26.8	69.1	273.3	30.5	27.8	25.1	-30.2	21.5
PENTAIR	PNR	\$32.04	\$39.32	26Apr2010	\$23.20	8Jul2009	3009	1.06	-11.4	-10.4	6.3	0.3	22.6	-15.5	94.9	-19.7	-7.5	12.9	-30.5	40.1
IEX	IEX	\$30.88	\$35.54	26Apr2010	\$22.16	13Jul2009	705	1.31	-8.1	-7.5	6.1	-0.1	26.2	29.1	154.5	2.7	16.8	15.8	-32.1	31.5
CRANE COMPANY	CR	\$32.41	\$39.13	20Apr2010	\$20.24	8Jul2009	689	1.69	-9.8	-9.5	7.2	6.5	42.8	36.4	46.4	24.2	5.4	18.9	-58.6	84.2
ITRON	ITRI	\$71.99	\$81.95	30Apr2010	\$46.00	14May2009	693	1.67	-9.6	-2.0	20.6	6.5	49.4	95.0	1223.8	67.5	29.5	85.1	-33.6	6.0
WATTS WATER TECHNOLOGIES	WTS	\$32.20	\$36.77	3May2010	\$19.50	8Jul2009	449	1.08	-9.2	-0.6	15.6	4.5	54.8	0.8	202.0	-5.1	37.1	-26.7	-14.7	26.1
MUELLER INDUSTRIES	MLI	\$27.00	\$31.20	30Apr2010	\$19.48	13Jul2009	447	1.03	-8.9	-2.9	22.3	9.2	17.4	7.5	34.5	-13.6	17.0	-7.4	-12.3	0.9
AMERON INT'L	AMN	\$63.81	\$91.66	18Sep2009	\$49.31	13May2009	139	1.13	-8.0	1.3	0.1	1.4	16.9	111.1	306.1	22.9	69.7	21.9	-30.6	3.0
ROBBINX & MYERS	RBN	\$23.71	\$27.97	26Apr2010	\$17.03	8Jul2009	339	1.01	-8.5	-3.2	5.7	1.2	17.5	121.9	120.7	-13.7	127.6	65.6	-57.0	46.7
MUELLER WATER PRODUCTS	MWA	\$4.56	\$5.99	26Apr2010	\$2.52	8Jul2009	2386	1.67	-18.3	-8.1	-7.5	-11.7	9.7	NA	NA	NA	NA	-35.6	-11.0	-37.1
FRANKLIN ELECTRIC	FELE	\$30.59	\$36.59	30Apr2010	\$22.36	21May2009	203	1.00	-12.6	-4.9	22.5	5.8	23.5	-14.4	92.6	-5.6	31.1	-24.8	-25.6	5.2
CIRCOR INT'L	CIR	\$30.79	\$36.33	26Apr2010	\$21.63	26May2009	91	1.38	-10.7	-5.3	1.0	22.4	16.8	24.5	168.3	11.5	44.1	26.5	-40.5	-7.8
BADGER METER	BMI	\$38.41	\$44.90	23Jun2009	\$32.58	5Feb2010	235	1.12	-7.1	-4.0	9.4	-3.2	4.2	116.4	505.7	33.0	42.8	64.1	-34.8	39.1
INSITUFORM	INSU	\$22.00	\$28.38	6Apr2010	\$13.03	18May2009	432	0.92	-8.2	-21.3	9.7	-3.2	44.9	40.6	-38.1	-14.6	33.5	-42.8	33.0	15.4
NORTHWEST PIPE	NWPX	\$22.35	\$41.98	2Jun2009	\$19.44	17Mar2010	103	1.32	-7.3	0.0	2.5	-16.8	-40.3	0.9	64.8	7.3	25.6	16.4	8.9	-37.0
ENERGY RECOVERY	ERII	\$4.28	\$8.46	27May2009	\$4.13	7May2010	2518	NA	-29.0	-31.1	-26.8	-37.8	-48.6	NA	NA	NA	NA	NA	NA	-9.2
DXP ENTERPRISES	DXPE	\$14.96	\$17.53	5May2010	\$9.21	8Jul2009	66	1.36	-9.8	5.5	29.0	14.5	7.3	371.9	1894.7	257.6	103.7	33.2	-37.4	-10.5
<b>Average</b>							<b>1741</b>	<b>1.25</b>	<b>-10.5</b>	<b>-6.5</b>	<b>8.6</b>	<b>2.4</b>	<b>20.8</b>	<b>73.7</b>	<b>323.3</b>	<b>25.3</b>	<b>38.3</b>	<b>23.3</b>	<b>-28.8</b>	<b>17.8</b>
<b>Market Index Comparisons</b>																				
S&P 500	SPX	1110.88	1219.80	26Apr2010	869.32	8Jul2009	-----	1.03	-4.9	-4.5	7.3	1.8	27.0	6.3	-4.9	4.9	15.8	5.5	-37.0	26.5
Dow Jones Industrials	DJIA	10380.43	11258.01	26Apr2010	8087.19	8Jul2009	-----	1.00	-5.6	-4.6	5.4	0.4	27.0	14.0	23.4	1.7	19.0	8.9	-31.9	22.7
Nasdaq Composite	NASDAQ	2265.64	2535.28	26Apr2010	1664.19	13May2009	-----	1.06	-7.9	-6.7	6.8	0.1	32.0	14.4	-38.3	3.6	12.2	9.6	-41.9	#N/A
Powershares Dyn Water	PHD	\$16.43	\$18.68	26Apr2010	\$13.28	14May2009	-----	NA	-9.0	-7.1	7.0	-2.5	16.7	NA	NA	NA	22.2	16.7	-32.4	#N/A

## Water Solutions

### Historical Change in Total Return

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

Company Information		Closing Price		Trading Range (LTM)		Trading Data		Percentage Change In Total Return						Calendar Year Change							
	Symbol	5/8/2010	High	Date	Low	Date	Volume	Beta	Week	Month	Qtr	YTD	LTM	5 Yrs	10 Yrs	2004	2005	2006	2007	2008	
		Per Share	Per Share		Per Share		(1,000)		%	%	%	%	%	%	%	%	%	%	%	%	
GENERAL ELECTRIC	GE	\$16.88	\$19.70	30Apr2010	\$10.50	8Jul2009	165466	1.57	-10.5	-8.8	8.9	12.3	24.2	-43.7	-56.7	20.7	-1.4	9.4	2.7	-54.0	
VEOLIA ENVIRONNEMENT	VE	\$27.62	\$40.00	22Sep2009	\$26.97	7May2010	1046	1.44	-11.4	-19.8	-10.8	-14.5	-0.1	-15.2	NA	39.0	26.8	68.6	22.7	-63.8	
DANAHER	DHR	\$79.81	\$85.96	3May2010	\$57.04	8Jul2009	5298	0.89	-5.3	-0.7	13.8	6.2	31.1	54.8	184.4	25.3	-2.7	30.0	21.3	-35.4	
AIR PRODUCTS & CHEM	APD	\$70.98	\$85.44	16Nov2009	\$59.60	13May2009	2143	1.21	-7.6	-4.2	4.5	-11.9	15.9	32.8	180.2	12.0	4.3	21.2	42.8	-47.8	
NALCO HOLDING	NLC	\$23.11	\$29.25	3May2010	\$15.19	23Jun2009	2104	1.37	-6.6	-6.7	5.5	-9.3	37.0	31.4	NA	NA	-9.3	15.5	18.8	-51.9	
ASHLAND	ASH	\$53.35	\$63.73	23Apr2010	\$22.01	13May2009	1646	1.75	-10.4	-8.7	31.3	34.9	123.6	24.6	175.4	35.4	22.5	42.8	-30.1	-77.3	
TETRA TECH	TTEK	\$22.45	\$32.00	21Aug2009	\$19.51	28Jan2010	694	0.98	-7.9	-4.8	10.6	-17.4	-7.8	106.3	46.3	-32.7	-6.4	15.4	18.9	12.3	
ARCH CHEMICALS	ARJ	\$32.02	\$37.66	27Apr2010	\$22.38	8Jul2009	200	1.18	-5.9	-9.4	16.3	4.4	29.5	49.7	133.6	15.4	7.2	14.4	12.8	-27.3	
LAYNE CHRISTENSEN	LAYN	\$24.35	\$35.14	17Sep2009	\$17.53	10Jul2009	125	1.73	-11.0	-8.3	-4.8	-15.2	9.2	43.2	473.0	52.9	40.1	29.1	49.9	-51.2	
CALGON CARBON	CCC	\$14.17	\$18.35	12Apr2010	\$10.93	21Jul2009	1771	0.78	-8.6	-21.0	13.9	1.9	-0.7	56.0	163.4	49.0	-36.7	9.0	156.3	-3.3	
CASCAL	HOO	\$6.59	\$7.82	13Apr2010	\$3.11	22Jun2009	188	NA	-2.2	-8.8	19.8	21.8	91.0	NA	NA	NA	NA	NA	NA	NA	
CONSOLIDATED WATER	CWCO	\$12.14	\$21.29	12Aug2009	\$12.12	7May2010	162	1.55	-14.2	-16.0	-5.2	-14.4	-0.1	-27.9	321.0	57.7	32.7	24.0	1.9	-49.4	
CANTEL MEDICAL	CMN	\$18.78	\$21.85	9Mar2010	\$12.33	26May2009	176	0.99	-5.9	-5.2	1.8	-6.7	39.2	-34.2	665.8	131.1	-28.1	-9.8	-9.9	0.6	
TRI-TECH HOLDINGS	TRIT	\$10.35	\$25.50	10Dec2009	\$7.80	10Sep2009	316	NA	-26.3	-33.2	-27.1	-49.3	NA	NA	NA	NA	NA	NA	NA	NA	
BARNWELL INDUSTRIES	BRN	\$4.15	\$5.85	14Oct2009	\$2.50	27Jan2010	6	1.35	-5.7	1.2	13.7	-9.4	-3.8	-81.9	96.2	138.7	103.9	-3.5	-48.0	-63.3	
RINO INTERNATIONAL	RINO	\$13.59	\$35.15	1Dec2009	\$3.35	15May2009	1056	1.05	-21.1	-32.6	-29.3	-50.8	232.7	204.7	-95.6	86.2	38.9	-36.0	104.2	-71.4	
<b>Average</b>							<b>11400</b>	<b>1.27</b>	<b>-9.9</b>	<b>-11.3</b>	<b>4.6</b>	<b>-8.2</b>	<b>45.9</b>	<b>38.3</b>	<b>213.1</b>	<b>51.9</b>	<b>13.9</b>	<b>12.7</b>	<b>28.2</b>	<b>-38.8</b>	
<b>Market Index Comparisons</b>																					
S&P 500	SPX	1110.88	1219.80	26Apr2010	869.32	8Jul2009	.....	1.03	-4.9	-4.5	7.3	1.8	27.0	6.3	-4.9	10.9	4.9	15.8	5.5	-37.0	
Dow Jones Industrials	DJIA	10380.43	11258.01	26Apr2010	8087.19	8Jul2009	.....	1.00	-5.6	-4.6	5.4	0.4	27.0	14.0	23.4	5.3	1.7	19.0	8.9	-31.9	
Nasdaq Composite	NASDAQ	2265.64	2535.28	26Apr2010	1664.19	13May2009	.....	1.06	-7.9	-6.7	6.8	0.1	32.0	14.4	-38.3	8.4	3.6	12.2	9.6	-41.9	
Powershares Dyn Water	PHO	\$16.43	\$18.68	26Apr2010	\$13.28	14May2009	.....	NA	-9.0	-7.1	7.0	-2.5	16.7	NA	NA	NA	NA	22.2	16.7	-32.4	

## Water Solutions - Filtration

### Historical Change in Total Return

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

Company Information		Closing Price		Trading Range (LTM)		Trading Data		Percentage Change in Total Return						Calendar Year Change						
	Symbol	5/8/2010	High	Date	Low	Date	Volume	Beta	Week	Month	Qtr	YTD	LTM	5 Yrs	10 Yrs	2004	2005	2006	2007	2008
		Per Share	Per Share		Per Share		(1,000)		%	%	%	%	%	%	%	%	%	%	%	%
3M COMPANY	MMM	\$82.63	\$90.52	6May2010	\$55.23	28May2009	8369	0.71	-6.8	-1.2	7.3	0.6	44.7	21.2	138.9	-1.8	-3.5	3.0	10.7	-29.8
SHAW GROUP	SGR	\$34.00	\$42.00	10Mar2010	\$23.00	12May2009	15	0.76	-2.9	-4.0	2.7	-9.5	47.4	-4.6	NA	78.4	23.6	62.0	-46.9	-65.0
PALL	PLL	\$35.18	\$41.82	1Mar2010	\$24.00	26May2009	2813	0.92	-9.4	-11.3	5.5	-1.9	33.8	42.2	92.8	9.5	-5.9	30.6	18.1	-28.4
MILLIPORE	MIL	\$105.81	\$106.39	3May2010	\$62.41	29May2009	4771	0.76	-0.3	0.0	55.0	46.2	77.0	110.9	81.9	15.7	32.6	0.8	9.9	-29.6
CLARCOR	CLC	\$35.59	\$38.77	3May2010	\$27.47	13Jul2009	353	0.93	-5.9	-0.4	16.2	10.3	12.2	39.2	368.7	25.6	9.5	14.8	13.3	-11.8
LYDALL	LDL	\$7.56	\$9.36	30Apr2010	\$2.82	13Jul2009	317	1.78	-6.2	-4.9	14.7	45.1	115.4	-7.8	-25.8	16.4	-31.3	32.6	-2.7	-45.3
MET-PRO	MPR	\$9.69	\$11.36	1Jul2009	\$8.20	28May2009	60	1.37	-4.7	-4.2	7.5	-8.2	5.6	45.8	219.5	-15.7	21.5	27.6	9.9	13.0
<b>Average</b>							<b>2385</b>	<b>1.03</b>	<b>-5.2</b>	<b>-3.7</b>	<b>15.5</b>	<b>11.8</b>	<b>48.0</b>	<b>35.3</b>	<b>146.0</b>	<b>18.3</b>	<b>6.7</b>	<b>24.5</b>	<b>1.8</b>	<b>-28.1</b>
Market Index Comparisons																				
S&P 500	SPX	1110.88	1219.80	26Apr2010	869.32	8Jul2009	-----	1.03	-4.9	-4.5	7.3	1.8	27.0	6.3	-4.9	10.9	4.9	15.8	5.5	-37.0
Dow Jones Industrials	DJIA	10380.43	11258.01	26Apr2010	8087.19	8Jul2009	-----	1.00	-5.6	-4.6	5.4	0.4	27.0	14.0	23.4	5.3	1.7	19.0	8.9	-31.9
Nasdaq Composite	NASDAQ	2265.64	2535.28	26Apr2010	1664.19	13May2009	-----	1.06	-7.9	-6.7	6.8	0.1	32.0	14.4	-38.3	8.4	3.6	12.2	9.6	-41.9
Powershares Dyn Water	PHO	\$16.43	\$18.68	26Apr2010	\$13.28	14May2009	-----	NA	-9.0	-7.1	7.0	-2.5	16.7	NA	NA	NA	NA	22.2	16.7	-32.4



## Flow Technology

## Short Interest

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

Short Interest															
Symbol	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Avg Vol.	SIR	
EMERSON ELECTRIC	EMR	8,171,422	8,530,509	9,366,285	10,294,392	10,832,124	10,988,557	9,615,092	9,220,481	12,145,608	10,480,486	10,370,745	10,287,724	4728684	2
ITT	ITT	4,206,054	5,293,764	3,623,342	3,792,096	4,708,938	4,357,513	4,453,264	3,594,400	4,084,760	2,953,827	3,243,659	3,661,378	1876025	2
FLOWSERVE	FLS	1,484,630	2,252,851	1,244,175	1,788,432	1,856,170	1,634,604	1,433,274	1,871,256	1,985,549	1,086,926	1,451,268	1,846,636	823869	2
SPX	SPW	745,936	922,835	1,143,393	1,138,693	1,274,105	2,381,673	2,471,807	2,604,312	3,042,103	4,274,664	3,442,091	2,376,347	673527	4
ROPER INDUSTRIES	ROP	3,207,056	3,130,259	3,754,643	3,241,989	3,032,799	3,287,483	3,971,882	4,337,638	5,126,616	5,080,218	4,919,920	5,692,878	623554	9
PENTAIR	PNR	3,147,189	3,127,905	2,974,897	3,114,900	3,397,627	3,523,044	1,937,838	1,597,947	1,507,779	2,408,309	2,600,478	2,505,678	739502	3
IDEX	IEX	3,928,895	3,178,335	4,227,927	4,746,256	4,694,606	4,688,425	4,736,218	2,883,219	2,464,420	1,951,784	1,747,052	1,637,492	440750	4
CRANE COMPANY	CR	854,560	738,483	1,460,009	1,471,202	1,485,208	2,179,716	2,110,046	1,958,699	1,800,997	1,700,808	1,225,432	576,668	384029	2
ITRON	ITRI	3,542,851	3,288,696	3,076,724	3,289,097	3,615,913	3,040,946	3,294,517	3,301,758	3,222,806	2,807,480	2,863,800	2,263,448	453542	5
WATTS WATER TECH	WTS	3,231,032	2,884,390	2,987,182	2,631,275	2,728,446	2,486,883	2,339,273	2,863,039	2,429,782	2,228,878	2,316,079	2,183,280	233692	9
MUELLER INDUSTRIES	MLI	615,794	554,590	771,337	611,245	496,605	515,583	599,064	725,843	795,063	1,177,451	920,355	1,195,436	212231	6
AMERION INT'L	AMN	277,021	359,857	562,168	306,874	217,228	373,726	437,678	691,756	618,696	714,350	724,210	452,922	85571	5
ROBBINS & MYERS	RBN	1,207,308	1,064,884	1,283,275	1,085,117	1,068,146	892,824	1,204,334	1,054,476	1,172,725	1,603,184	1,627,239	1,271,024	222218	6
MUELLER WATER PRODUCTS	MWA	2,882,985	2,622,348	3,733,297	2,258,924	2,077,088	3,222,737	4,256,660	5,120,267	4,550,434	5,874,542	5,119,214	5,616,849	1672929	3
FRANKLIN ELECTRIC	FELE	2,331,521	1,578,890	1,833,229	2,122,965	1,082,169	846,503	1,205,210	906,197	866,375	947,929	844,700	914,786	136610	7
CIRCOR INT'L	CR	854,560	738,483	1,460,009	1,471,202	1,485,208	2,179,716	2,110,046	1,958,699	1,800,997	1,700,808	1,225,432	576,668	384029	2
BADGER METER	BMI	886,121	927,887	1,431,081	1,239,009	1,121,264	1,206,374	1,218,738	1,304,871	1,282,468	1,416,825	1,377,344	1,430,269	127726	11
INSITUFORM TECH	INSU	2,464,391	2,784,090	3,118,088	3,016,087	2,935,433	2,972,282	2,766,423	2,992,044	2,929,120	3,187,429	3,025,294	3,120,131	405508	8
NORTHWEST PIPE	NWPX	662,392	552,683	604,027	488,558	421,966	505,164	419,299	567,948	597,840	590,180	552,274	678,271	113688	6
ENERGY RECOVERY	ERII	2,888,884	2,723,960	3,708,135	4,136,808	4,050,053	4,785,321	5,372,283	5,067,133	5,254,784	5,559,772	5,639,742	5,504,791	333905	16
DXP ENTERPRISES	DXPE	585,750	618,621	662,492	643,496	570,389	562,117	567,169	578,854	564,722	589,677	544,551	479,538	69882	7

## Water Solutions

## Short Interest

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

Short Interest															
Symbol	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Avg Vol.	SIR	
GENERAL ELECTRIC	GE	157,068,260	151,345,920	168,635,038	152,480,597	136,412,666	111,894,884	103,273,797	89,361,590	77,155,401	74,962,422	64,508,199	66,118,213	83628064	1
VEOLIA ENVIRONNEMENT	VE	538,839	543,189	379,057	296,489	500,719	448,641	238,294	270,635	562,009	311,992	292,335	327,166	310287	1
DANAHER	DHR	6,654,621	6,341,366	5,449,874	4,403,629	6,161,396	6,151,400	5,995,292	4,858,517	5,807,394	4,613,236	5,538,191	4,824,425	2500444	2
AIR PRODUCTS & CHEM	APD	2,532,359	3,225,170	3,400,356	2,970,100	2,695,292	2,722,790	2,283,401	1,928,088	1,327,002	1,441,102	2,471,633	1,998,298	1431217	1
NALCO HOLDING	NLC	4,245,153	2,682,692	2,274,448	2,337,744	2,570,029	3,501,904	2,753,630	3,948,274	4,661,309	2,861,748	2,485,044	3,419,723	1780448	2
ASHLAND	ASH	2,827,212	2,666,536	1,918,314	1,987,564	2,614,581	2,559,440	1,483,932	1,820,798	1,307,541	1,315,538	1,570,921	2,060,241	1428219	1
TETRA TECH	TTEK	3,163,615	3,060,927	3,084,349	2,420,115	2,028,860	2,179,797	2,326,524	2,358,132	2,206,955	2,602,070	2,646,075	2,499,849	529045	5
ARCH CHEMICALS	ARJ	1,202,639	1,315,096	1,315,773	1,124,497	912,552	844,924	875,703	862,640	981,960	985,211	808,526	719,575	99241	7
LAYNE CHRISTENSEN	LAYN	856,668	981,128	1,097,889	968,715	995,588	733,163	691,503	568,921	518,018	702,293	719,813	669,498	133079	5
CALGON CARBON	CCC	2,658,411	2,842,726	3,198,772	3,656,520	3,667,055	3,421,031	4,319,246	6,064,006	7,882,642	7,376,609	7,369,387	8,313,450	815643	10
CASCAL NV	HOO	16,864	14,177	16,020	11,374	29,478	43,047	52,093	38,738	64,789	72,131	70,246	43,577	96204	0
CONSOLIDATED WATER	CWCO	593,152	604,905	595,082	446,350	339,438	417,759	552,935	528,817	671,853	804,241	708,839	731,838	49476	15
CANTEL MEDICAL	CMN	751,318	832,916	736,374	721,815	630,623	362,434	329,986	446,587	485,726	649,509	728,294	619,545	123744	5
TRI-TECH HOLDINGS	TRIT	-	-	-	-	-	21,083	12,682	20,392	8,946	53,427	23,334	56,075	160372	0
BARNWELL INDUSTRIES	BRN	7,661	2,708	5,777	7,252	11,373	8,625	5,142	2,502	2,080	4,580	1,974	1,466	3200	0

3.8

## Water Solutions - Filtration

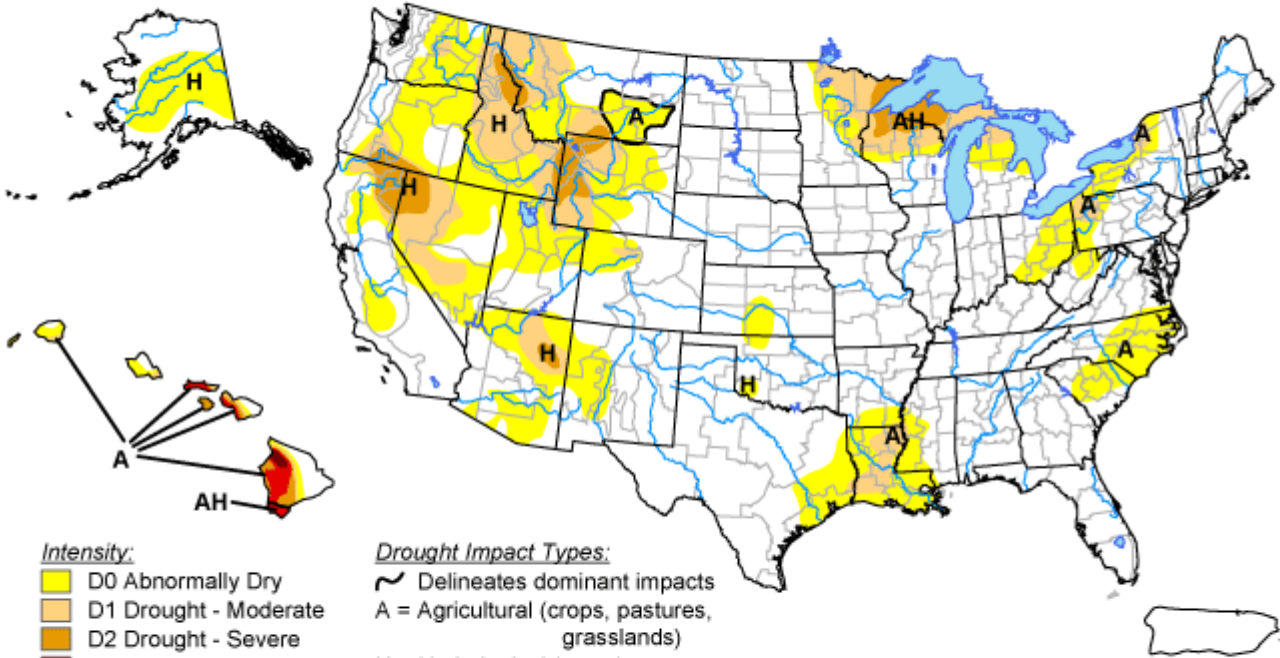
## Short Interest

Michael Gaugler, 212-702-6539 gauglerm@bmur.com

Short Interest															
Symbol	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	Avg Vol.	SIR	
3M COMPANY	MMM	12,002,644	11,034,970	12,511,853	9,849,347	8,537,716	6,638,666	5,744,263	5,448,371	6,549,889	6,107,306	4,964,297	4,345,723	5002306	1
SHAW GROUP	SHAW	2,945,068	2,698,844	3,984,386	-	2,178,304	1,991,021	2,405,604	2,147,515	3,208,171	4,118,103	3,328,455	3,356,125	1162854	3
PALL	PLL	2,280,625	1,302,294	1,665,093	1,252,483	1,409,628	989,084	970,402	903,256	1,103,870	716,592	1,886,624	1,400,879	1067544	1
MILLIPORE	MIL	1,765,186	2,458,643	2,730,500	1,894,947	1,817,825	1,935,746	1,233,471	1,236,664	1,195,500	1,661,379	2,705,342	1,548,468	1222575	1
CLARCOR	CLC	2,795,216	2,449,992	3,058,966	2,840,001	2,337,914	2,076,875	2,167,043	1,923,700	1,733,067	1,906,776	1,820,660	1,741,921	220085	8
DOUYUAN GBL WATER	DGW	-	-	4,137	614,330	922,083	919,073	1,014,993	1,084,041	1,106,302	1,504,203	2,001,449	2,039,673	212614	10
LYDALL	LDL	264,067	377,285	75,642	79,943	91,929	71,960	129,826	111,847	120,879	119,877	149,099	130,768	82724	2
MET-PRO	MPR	291,429	317,118	383,389	336,192	321,331	266,136	306,378	324,835	342,824	439,383	414,274	438,177	33579	13

# U.S. Drought Monitor

May 4, 2010  
Valid 8 a.m. EDT



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

- Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



Released Thursday, May 6, 2010

Author: Michael Brewer/Liz Love-Brotak, NOAA/NESDIS/NCDC

<http://drought.unl.edu/dm>



## Recent Research

- *American States Water Company (AWR: Buy, \$45 Target Price) - Reports 1Q10 Results; Maintaining Buy Rating and Raising Target Price to \$45 – May 7/10*
- *Mueller Water Products (MWA, Buy; Lowering Target Price to \$6.25 from \$8): Reports 2Q10 Results; Lowering Estimates, Target Price on Diminished Near-Term Outlook – May 5/10*
- *American Water Works (AWK, Buy; \$28 Target Price): Reports 1Q10; Maintaining Buy Rating and \$28 Target Price – May 5/10*
- *Watts Water Technologies, Inc. (WTS: Hold) - Reports 1Q10 Results; Maintaining Hold Rating – May 5/10*
- *Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – May 3/10*
- *Calgon Carbon Corp. (CCC: Buy, \$24 Target Price) - Reports 1Q10 Results; Maintaining Buy Rating – April 30/10*
- *Tetra Tech Inc (TTEK: Buy, \$28 Target Price) - Reports 2QFY10 Results; Maintaining Buy Rating and \$28 Target Price – April 30/10*
- *SJW Corp. (SJW: Hold) - Reports 1Q10 Results; Maintaining Hold Rating Based on Valuation – April 30/10*
- *California Water Service Group (CWT, Hold): Reports 1Q10 Results; Maintaining Hold Rating Based on Valuation – April 29/10*
- *Veolia Environnement SA (VE/NYSE VIE/PARIS: Buy, €28/\$38 Target Price) - Upgrading to Buy: Recent Share Weakness and Upcoming Dividend Represents Unique Opportunity – April 27/10*
- *Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – April 26/10*
- *IDEX Corp. (IEX: Hold) - Reports 1Q10; Maintaining Hold Rating Based on Valuation – April 20/10*
- *SJW Corp. (SJW: Hold) - Price Target Achieved; Downgrading from Buy to Hold Based on Valuation – April 19/10*
- *Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – April 19/10*
- *Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – April 12/10*
- *California Water Service Group (CWT: Hold) - Downgrading to Hold Based on Valuation – April 7/10*
- *National Coal Corp. (NCOC, Hold): Dropping Coverage – April 6/10*
- *Sabesp (SBS/SBSP3.PA: Buy, R\$57/\$66 Target Price) - Reports 4Q09; Raising Estimates, Maintaining Buy Rating – April 5/10*
- *Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – March 29/10*
- *Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – March 22/10*
- *Consolidated Water Co. (CWCO, Buy; \$19 Target Price): Reports 4Q09; Maintaining Buy Rating, Lowering Estimates, Target Price to \$19 from \$23 – March 18/10*
- *Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – March 15/10*
- *American States Water Company (AWR: Buy, \$41 Target Price) - Reports 4Q09; Maintaining Buy Rating, Lowering Target Price to \$41 from \$44 – March 12/10*
- *The York Water Company (YORW, Buy; \$18 Target Price): Reports 4Q09 Results; Maintaining Buy Rating and Target Price – March 10/10*
- *Natural Resources -- Water Utilities, Flow Technology and Purification: Natural Resources and Infrastructure Conference Recap (AWK, CCC, MPR, MWA, SBS, SJW, WTR, WTS, YORW) – March 9/10*
- *Veolia Environnement SA (VE/VIE: Hold) - Reports 2H/FY09 Results; Lowering Estimates, Maintaining Hold Rating Based on Valuation – March 8/10*
- *Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – March 8/10*
- *Southwest Water Co. (SWWC, Hold): Dropping Coverage of Southwest Water Co. – March 3/10*
- *American Water Works Company, Inc. (AWK: Buy, \$28 Target Price) - When AWK Flips the Coin, Heads They Win, Tails They Win; Maintaining Buy Rating, \$28 Target Price – March 2/10*
- *Calgon Carbon Corp. (CCC: Buy, \$24 Target Price) - Reports Excellent 4Q09 Results; Reiterating Buy Rating, Raising Target Price from \$20 to \$24 – March 1/10*
- *Met-Pro Corp. (MPR: Buy, \$12 Target Price) - Reports 4QFY10 Results; Maintaining Buy Rating and \$12 Target Price – March 1/10*
- *Water Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – March 1/10*
- *California Water Service Group (CWT: Buy, \$40 Target Price) - Reports 4Q09 Results; Maintaining Buy Rating, Lowering Target Price to \$40 from \$43 – February 26/10*
- *Aqua America (WTR, Buy; \$26 Target Price): Giving Investors “More to Get Excited About” in 2010/2011; Reiterating Buy Rating and \$26 Target Price – February 25/10*
- *SJW Corp. (SJW, Buy; Raising Target Price to \$28 from \$27): Reports 4Q09 Results; Maintaining Buy Rating, Raising Target Price – February 25/10*
- *Water Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – February 22/10*
- *Watts Water Technologies, Inc. (WTS: Hold) - Reports 4Q09 Results; Maintaining Hold Rating – February 17/10*
- *Tetra Tech, Inc. (TTEK, Buy; \$28 Target Price): Initiating Coverage with Buy Rating and \$28 Target Price – February 9/10*
- *Water Works Weekly (AWK, AWR, CCC, CWCO, CWT, IEX, MPR, MWA, SBS, SJW, SWWC, VE, WTR, WTS, YORW) – February 8/10*

## Important Disclosures

### Ratings and Target Price History

For historical rating and target price information please use the following links:

AWK: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=AWK&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=AWK&analystid=93&re=1&width=500&height=350&wmf=1)

AWR: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=AWR&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=AWR&analystid=93&re=1&width=500&height=350&wmf=1)

CCC: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=CCC&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=CCC&analystid=93&re=1&width=500&height=350&wmf=1)

CWCO: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=CWCO&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=CWCO&analystid=93&re=1&width=500&height=350&wmf=1)

CWT: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=CWT&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=CWT&analystid=93&re=1&width=500&height=350&wmf=1)

IEX: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=IEX&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=IEX&analystid=93&re=1&width=500&height=350&wmf=1)

MPR: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=MPR&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=MPR&analystid=93&re=1&width=500&height=350&wmf=1)

MWA: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=MWA&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=MWA&analystid=93&re=1&width=500&height=350&wmf=1)

SBS: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=SBS&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=SBS&analystid=93&re=1&width=500&height=350&wmf=1)

SJW: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=SJW&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=SJW&analystid=93&re=1&width=500&height=350&wmf=1)

TTEK: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=TTEK&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=TTEK&analystid=93&re=1&width=500&height=350&wmf=1)

VE: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=VE&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=VE&analystid=93&re=1&width=500&height=350&wmf=1)

WTR: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=WTR&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=WTR&analystid=93&re=1&width=500&height=350&wmf=1)

WTS: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=WTS&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=WTS&analystid=93&re=1&width=500&height=350&wmf=1)

YORW: [http://www2.investars.com/cgi-bin/charts/\\_nasdaq.exe?f=1&s=YORW&analystid=93&re=1&width=500&height=350&wmf=1](http://www2.investars.com/cgi-bin/charts/_nasdaq.exe?f=1&s=YORW&analystid=93&re=1&width=500&height=350&wmf=1)

All prices are as of the market close on 5/7/2010.

At the time this report was published, Brean Murray, Carret & Co., LLC made a market in the securities of Consolidated Water Co., Ltd., The York Water Company and Tetra Tech Inc.

Brean Murray, Carret & Co., LLC has managed or co-managed a public offering or placement of securities of American States Water Company, Mueller Water Products, Inc. and American Water Works Company, Inc. within the past 12 months.

American States Water Company is, or within the last 12 months has been, a client of Brean Murray, Carret & Co., LLC, and investment banking and/or advisory services are being, or have been provided.

Met-Pro Corp. is, or within the last 12 months has been, a client of Brean Murray, Carret & Co., LLC, and investment banking and/or advisory services are being, or have been provided.

Mueller Water Products, Inc. is, or within the last 12 months has been, a client of Brean Murray, Carret & Co., LLC, and investment banking and/or advisory services are being, or have been provided.

American Water Works Company, Inc. is, or within the last 12 months has been, a client of Brean Murray, Carret & Co., LLC, and investment banking and/or advisory services are being, or have been provided.

Brean Murray, Carret & Co., LLC has received compensation for investment banking and/or advisory services from American States Water Company, Met-Pro Corp., Mueller Water Products, Inc. and American Water Works Company, Inc. within the past 12 months.

In the normal course of its business, Brean Murray, Carret & Co., LLC does and intends to seek compensation for investment banking and/or non-investment banking services from the companies in its coverage universe. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decisions. Non-U.S. research analysts that may have contributed to this report are not registered/qualified as research analysts

with the FINRA.

The research analyst(s) or research associate(s) principally responsible for the preparation of this research report has received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues. The compensation is determined exclusively by research management and senior management (not including investment banking).

### Brean Murray, Carret & Co. Stock Rating System

Buy - Expected to appreciate by at least 10% within the next 12 months.

Hold - Fully valued, not expected to appreciate or decline materially within the next 12 months.

Sell - Expected to decline by at least 10% within the next 12 months.

	# of Securities	% of Total Securities	# of IB-Related Securities in Past 12 mos.	% of Total Securities
BUY	143	70.79%	20	13.99%
HOLD	50	24.75%	1	2%
SELL	5	2.48%	0	0%
NOT RATED	4	1.98%	0	0%
<b>TOTAL</b>	<b>202</b>			

*Note : Stock price volatility may cause temporary non-alignment of some ratings with some target prices.*

### Valuation Methodology and Risks

**American Water Works:** Our \$28 target price is based on the shares achieving a P/E multiple of 20x our 2010 EPS estimate of \$1.40. Risks to the achievement of our target price include weather, acquisition integration, regulatory environment, additional equity offerings, potential goodwill impairments and changes in interest rates.

**American States Water:** Our \$45 target price is based on the shares attaining a level of 20x our 2011 EPS estimate of \$2.24. Risks to the achievement of our target price include integration of acquisitions, weather, environmental regulations, regulation of rates, and interest rates.

**Aqua America:** Our \$26 target price is based on the shares achieving a P/E multiple of 26x our 2011 EPS estimate of \$0.98. Risks to the achievement of our target price include weather, acquisitions, interest rates, environmental / public health responsibilities and regulatory climate.

**Calgon Carbon:** Our \$24 target price is based on the shares attaining a level of approximately 24x our 2011 EPS estimate of \$1.09. Risks: global macroeconomic conditions, foreign exchange exposure, changes in environmental regulations.

**Consolidated Water:** Our \$19 target price is based on a multiple of 22x our FY11 EPS estimate of \$0.85. Risks to the achievement of our target price include weather, acquisition integration, environmental regulations, and political climates in the company's service territories.

**Met-Pro Corp:** Our \$12 target price is based on a multiple of 24x our FY11 EPS estimate of \$0.48, plus \$2 per share in cash. Risks to the achievement of our target price include acquisition integration, geopolitical concerns, currency fluctuations, and economic sensitivity.

**Mueller Water Products:** Our \$6.25 target price is based on a multiple of 16x our 2012 EPS estimate of \$0.39. Risks to the achievement of our target price include global economic conditions, natural disasters, commodity pricing, labor issues, and foreign exchange exposure.

**Tetra Tech:** Our \$28 target price is based on the shares attaining a P/E level of 22x our FY11 EPS estimate of \$1.29. Risks include global macroeconomic conditions, major project delays or cancellations, acquisitions, and the ability to attract/retain employees with specific scientific skill sets.

**Sabesp:** Our target price of \$66 is based on the shares attaining a P/E multiple of just over 8x our 2011 EPADR estimate of \$8.58. Risks to the achievement of our target price include majority government ownership, legislation, currency fluctuations, environmental regulations, outstanding accounts receivable, water supply agreements and weather.

**Veolia Environnement:** Our target prices of €28.00/\$38.00 are based on the shares attaining a level of 18x our 2011 EPS estimates of €1.57/\$2.13. Our risks to our target price include acquisition integration, foreign exchange, contract competition, interest rates, weather, energy prices changes, changes in legislation and environmental / public health responsibilities.

**York Water:** Our \$18 target price is based on a multiple of 26x our 2010 EPS estimate of \$0.69. Risks to the achievement of our target price include unfavorable weather, acquisition integration, interest rate variability, environmental/ public health responsibilities, macroeconomic conditions and regulatory climate.

### **Analyst Certification**

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