

Arthur Gottlieb, Managing Director & Partner, agottlieb@cwdowner.com

Mr. Gottlieb joined C.W. Downer & Co. in 1998, with more than 20 years experience in management, consulting, and corporate development. He was founder and president of a venture-backed software company and a frequent speaker at industry events.

Since 1993, Mr. Gottlieb has advised numerous technology, media, and investment management firms on corporate strategy, business development, and strategic financial transaction. With clients ranging from start-up entrepreneurs to multi-national corporations, Mr. Gottlieb brings extensive experience with the business requirements of both large and small firms seeking to compete in the global marketplace.

At C.W. Downer & Co., Mr. Gottlieb's practice focuses on global corporate development in the investment management and information technology industries with particular emphasis on acquisitions and divestitures. Mr. Gottlieb holds a B.S. in Computer Science with honors from the Massachusetts Institute of Technology (1976) and an MBA from the Harvard Business School (1988).

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Because the middle market is global.

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C.W. Downer & Co.

Because the middle market is global

About Us

C.W. Downer & Co. combines personal dedication, market focus, seamless office integration, international reach, and more than 35 years of experience to deliver the most comprehensive investment banking services to clients engaging in middle-market divestitures or acquisitions, both domestic and international.

C.W. Downer & Co. is built upon a solid research platform that carefully identifies and thoroughly details all potential buyers or acquisition targets. We reach further because the right opportunities are often overlooked or unrecognized by more traditional practices.

We scour the globe to provide our clients with the most complete information for executing their divestiture or acquisition programs. We begin by identifying, researching, and contacting every possible prospect from the bottom up. Searching beyond the surface maximizes value while adhering to our clients' strategic goals. We reveal the most appropriate buyers and identify companies that can be acquired.

Our exhaustive research is purposefully reinforced by personal contact with each prospect that gauges their position and appetite for negotiations. We are skilled communicators with a fully-integrated, global team structure that yields significant local market knowledge and insight into the subtle, cultural nuances that ultimately affect negotiations.

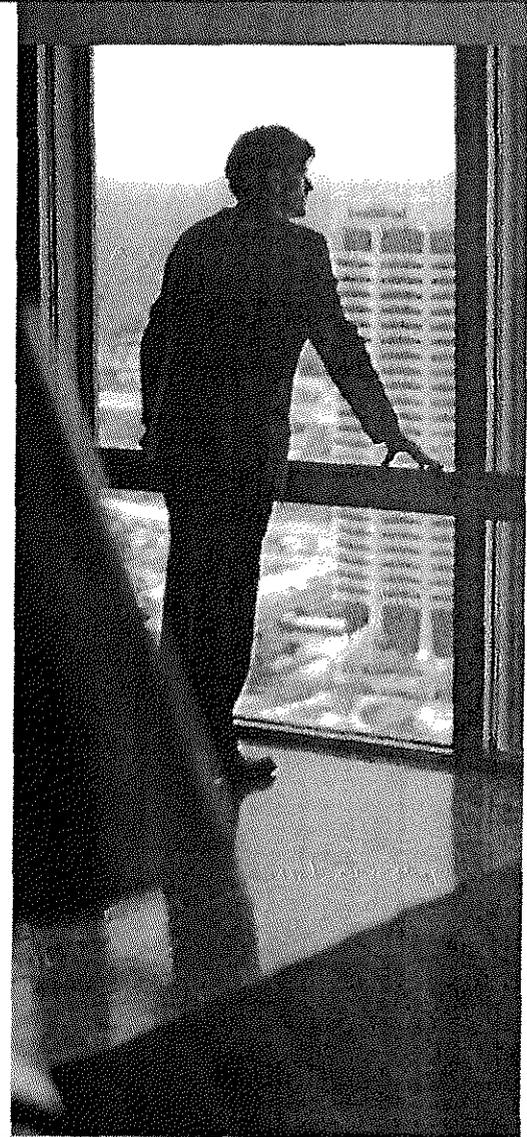
We are proud to offer our clients the personal, senior-level attention typically found in boutiques together with the broad, global execution capabilities found only in larger bulge-bracket banks.

Our Services

C.W. Downer & Co. proactively drives all sell-side and buy-side programs to achieve maximum value with minimum time and disruption for our clients.

Our approach to sell-side engagements is based on creating maximum value for our client and the selling shareholders. We want our clients to view us as an extension of their management team—as trusted advisors with the experience to manage a comprehensive divestiture process and the ability to exceed expectations. Our proven expertise and commitment allows our clients to manage the sale of a business while still remaining focused on day-to-day operations. Our sale process is totally confidential, fully targeted to each client's strategic objectives, and solely focused on creating value.

For all buy-side programs, we complement the corporate development activities of our clients by facilitating identification of the appropriate acquisition criteria, filtering the universe of prospects, selecting and confidentially approaching the premier targets, evaluating the strategic fit with the targets, convincing them to sell their business, and negotiating with several prospects simultaneously to lead to a value-enhancing transaction for each client.



Over 35 Years of M&A Experience

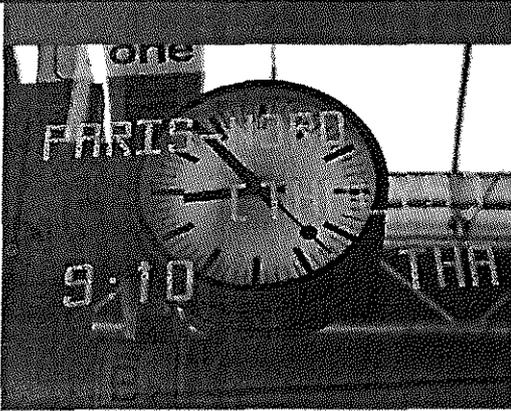
Independent Investment Banking Services for the Global Middle Market

DIVESTITURES

- ▶ Large companies seeking to divest individual operating units or subsidiaries
- ▶ Private & mid-sized companies seeking to be acquired
- ▶ Private Equity owners seeking liquidity or exit from portfolio companies

ACQUISITIONS

- ▶ Large and mid-sized companies seeking strategic acquisitions in international or domestic markets
- ▶ Financial investors seeking platform or add-on acquisitions
- ▶ Companies seeking to complete targeted acquisition search assignments



Knowledge & Networks

Deployed to achieve the best results

- ▶ Research-based approach developed from more than 35 years of international assignments
- ▶ Multiple touch-points within key industries including significant relationships with industry executives
- ▶ Bottom-up identification of every possible prospect
- ▶ Research and analysis complemented with direct conversations with prospective buyers or sellers

Strategic Insight

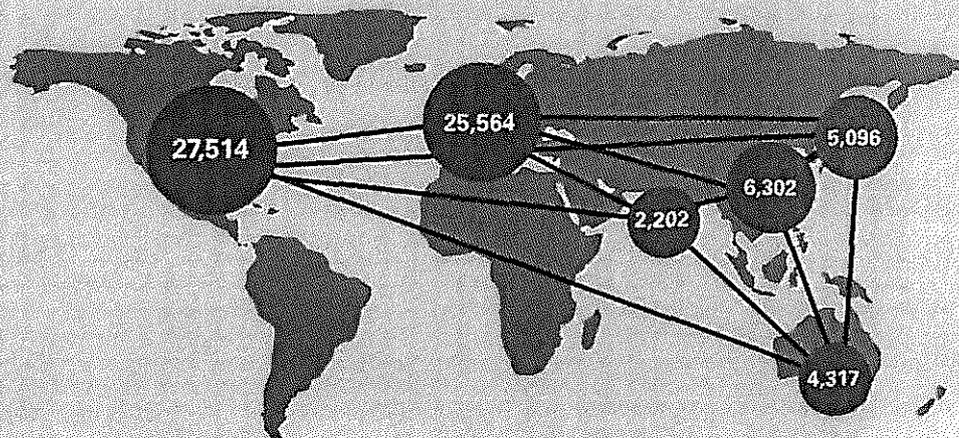
Why is it critical to retain a middle-market investment bank with global strategic insight?

Because today, strategic insight is acquired by scouring the world for new ideas and relationships that harness the promise of the global economy. Since 1975, we have led our industry by providing globally-oriented strategic advice coupled with exhaustive research programs that uncover differentiated opportunities around the world. We continue to deliver the best results for our clients and lead our industry with our global knowledge and diligent research practices. The reality is that the middle market is global, and our clients benefit from our global reach.

We begin with a bottom-up approach that identifies and ranks all potential buyers or acquisition targets. Guided by the experience, skill, and market knowledge of our senior professionals, we carefully research each opportunity and personally contact every prospect in order to better understand their position for negotiating with us and our clients. We reach further than any other middle-market investment bank to identify market forces and related industries that expand possibilities and increase value.

The Global Middle Market

Middle-Market transactions from around the world (2006-2007)

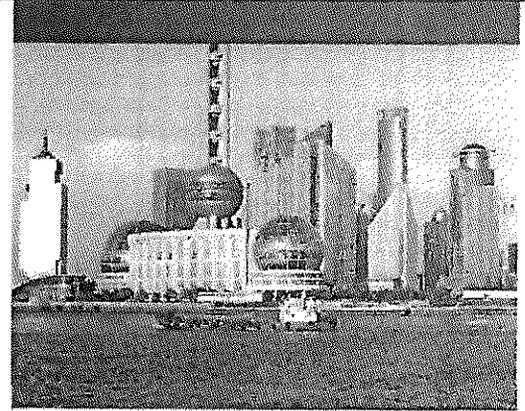


Global Independence

Why is it important to have an investment bank with global independence and integrated offices around the world?

Because international transactions are enhanced when executed with a common strategy and unified agenda. We execute every mandate with the full resources of our 7 fully integrated international offices. Our global team structure differentiates C.W. Downer & Co. from other middle-market investment banks. Clients rely on our ability to staff mandates with our own professionals, rather than through strategic partnerships.

As an independent, global M&A investment bank, we answer to no corporate parent. The senior professionals adding value to every transaction are the same ones that own our firm.



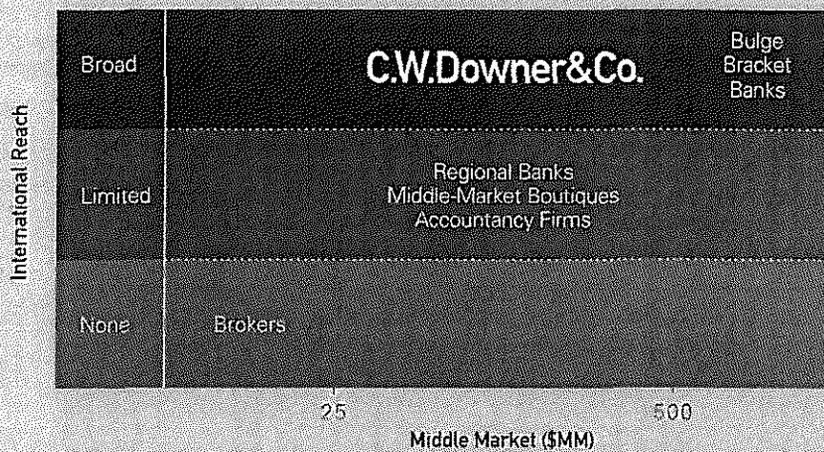
Countries & Cultures

Aligned to accelerate insight

- ▶ 7 international offices on 4 continents
- ▶ Integrated, cross-border teams
- ▶ Common objectives and a single P&L

Global Reach for Middle-Market Transactions

International reach relative to transaction value





Consistent Results

Why has C.W. Downer & Co. achieved consistent results for over 35 years?

Because we have followed a proven and disciplined approach that uncovers "hidden" opportunities throughout the global middle market. Our unique approach and comprehensive research methodologies ensure that all possible buyers or acquisition targets are identified, approached, and ranked by their level of interest and relevance to our client's long-term strategy. In all situations we seek to create win/win conditions that maximize value for our client, while leaving room for additional value creation with the other party to the transaction.

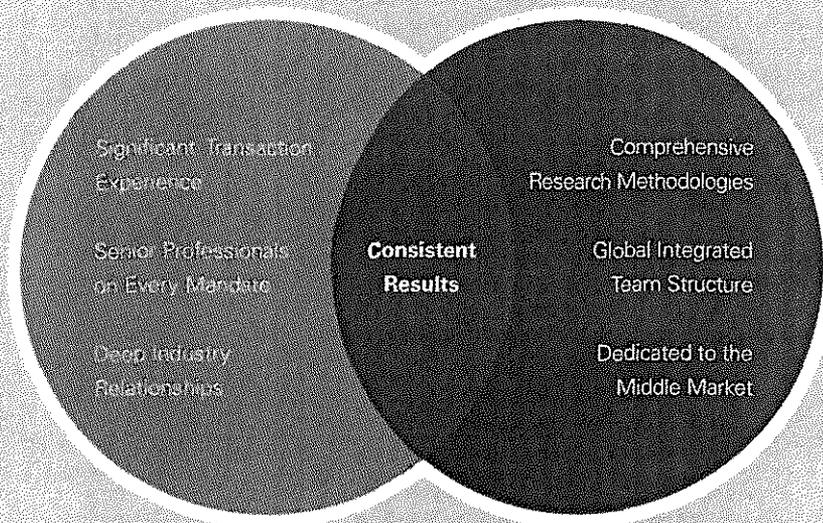
We leverage the full resources of our 7 international offices throughout the execution phase. Our methodology focuses senior professionals at the lead of every transaction, from the smallest to the largest. We value open communication at all stages of the transaction process, with weekly updates and direct access to the senior project lead.

Philosophy & Focus

Strengthened by independence

- ▶ Focused on international M&A for over 35 years
- ▶ Philosophy of personal attention by senior professionals
- ▶ Refined research methodologies based on extensive buy-side experience
- ▶ Bottom-up approach ensures all prospects are identified and contacted
- ▶ Long-term, industry relationships enhance knowledge and understanding

Experience, Process, and Dedication Yielding Consistent Results



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EXHIBIT AG-2

Assumes an investment of \$8,000,000 in annual Capex

	<u>City Ownership</u>	<u>Private Ownership</u>
Consolidated Rate Base	\$ 8,000,000	\$ 8,000,000
RATE of Return	6.04%	7.90%
Income Required	\$ 483,200	\$ 631,600
Adjusted NOI ¹	\$ 191,396	\$ 95,698
Deficiency	\$ 291,804	\$ 535,902
Tax Factor	0.6039	0.6039
Revenue Deficiency	\$ 483,200	\$ 887,402
Net Revenue Requirement Difference in Financing methods	\$	\$ 404,202

City Ownership ROR Calculation

<u>Capital Component</u>	<u>Annual Capital</u>	<u>Component Ratio</u>	<u>Cost Rate</u>	<u>Cost Rate</u>
Long-term Debt	\$ 8,000,000	100.00%	6.04%	6.04%
Common Equity	-	0.00%	9.75%	<u>0.00%</u>
Overall Rate of Return	<u>\$ 8,000,000</u>	<u>100%</u>		<u>6.04%</u>

Private Ownership ROR Calculation

<u>Capital Component</u>	<u>Annual Capital</u>	<u>Component Ratio</u>	<u>Cost Rate</u>	<u>Cost Rate</u>
Long-term Debt	\$ 4,000,000	50.00%	6.04%	3.02%
Common Equity	<u>4,000,000</u>	50.00%	9.75%	<u>4.88%</u>
Overall Rate of Return	<u>\$ 8,000,000</u>	<u>100%</u>		<u>7.90%</u>

1. Tax savings associated with the interest expense

EXHIBIT AG-3

Company	Share Price	MC \$ m	TEV \$ m	LTM EBITDA \$ m	Book Value \$m	Rate Base \$m	TEV / LTM EBITDA	MC / Book Value	TEV / Rate Base
Aqua America Inc.	\$ 20.82	\$ 2,857.6	\$ 4,393.3	\$ 366.6	\$ 1,129.5	\$ 2,475.6	12.0x	2.5x	1.8x
California Water Service Group	37.56	781.2	1,210.4	129.4	436.5	1,026.1	9.4x	1.8x	1.2x
Middlesex Water Co.	17.66	273.9	423.8	32.5	173.2	313.1	13.1x	1.6x	1.4x
York Water Co.	16.05	203.0	286.7	23.1	89.0	175.4	12.4x	2.3x	1.6x
Connecticut Water Services Inc.	24.70	213.4	353.4	24.4	109.8	248.8	14.5x	1.9x	1.4x
Artesian Resources Corp.	19.08	144.0	274.5	25.2	92.5	220.8	10.9x	1.6x	1.2x
American States Water Company	37.22	692.0	1,025.9	113.1	369.5	660.3	9.1x	1.9x	1.6x
American Water Works Company, Inc.	23.75	4,151.3	9,774.2	998.9	4,039.3	8,759.0	9.8x	1.0x	1.1x
SJW Corp.	24.41	452.4	749.7	70.0	258.0	420.4	10.7x	1.8x	1.8x

High	14.5x	2.5x	1.8x
Mean	11.3x	1.8x	1.5x
Median	10.9x	1.8x	1.4x
Low	9.1x	1.0x	1.1x

Pennichuck Corp.	23.77	110.8	169.2	14.3	56.1	105.6	11.9x	2.0x	1.6x
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LTM EBITDA		Book Value		Rate Base	
Multiple	13.81	Multiple	2.48	Multiple	1.91
Peer Group (30-Day Ave*)	10.91	Peer Group (30-Day Ave*)	1.79	Peer Group (30-Day Ave*)	1.42
Premium	27%	Premium	39%	Premium	35%
Operating Revenues	\$ 36.1	Book Value	\$ 56.1	Net Plant	\$ 156.1
Operating Expenses	<u>26.3</u>	Deferred Land Costs	<u>(2.5)</u>	CIAC	(31.5)
Operating Income	9.9	Net Book Value	53.6	Deferred Taxes	<u>(19.0)</u>
D&A	<u>4.4</u>			Net Plant - CIAC	105.6
EBITDA	14.3				
Enterprise Value	196.8	Book Based Equity Value	132.8	Enterprise Value	201.8
Cash	1.5			Cash	1.5
Debt	(59.9)			Debt	(59.9)
Underfunded Liabilities	<u>(5.7)</u>			Underfunded Liabilities	<u>(5.7)</u>
Net Debt	(64.1)			Net Debt	(64.1)
Land	5.0	Land	5.0		
Equity Value	\$ 137.8	Total Equity Value	\$ 137.8	Equity Value	\$ 137.8
Shares		Shares		Shares	
Outstanding	4,661,550	Outstanding	4,661,550	Outstanding	4,661,550
Options	284,046	Options	284,046	Options	284,046
Exercise Price	\$ 19.91	Exercise Price	\$ 19.91	Exercise Price	\$ 19.91
Share Price	\$ 29.00	Share Price	\$ 29.00	Share Price	\$ 29.00

* Share prices through 31-Oct-10.