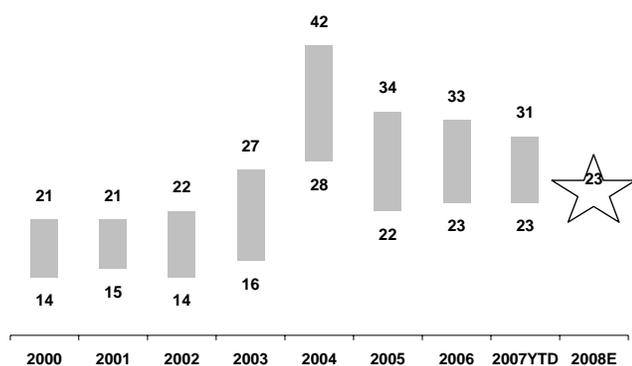
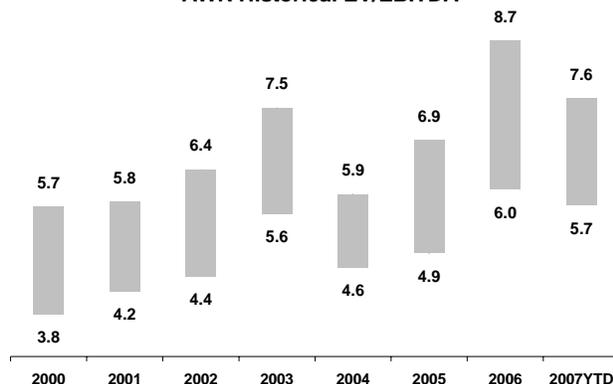


American States Water Co.	NEUTRAL					AWR
Income Statement	2003	2004	2005	2006	2007E	2008E
(dollars in millions)						
Revenue	\$212.7	\$228.0	\$238.1	\$268.6	\$308.6	\$306.8
YoY growth	1.8%	7.2%	4.4%	12.8%	14.9%	-0.6%
EBITDA	\$58.9	\$70.6	\$84.0	\$83.3	\$101.1	\$103.7
YoY growth	-15.0%	19.8%	19.0%	-0.8%	21.3%	2.6%
Net Income	\$11.9	\$18.5	\$26.8	\$23.1	\$30.3	\$31.2
YoY growth	-41.6%	56.0%	44.4%	-13.8%	31.1%	3.2%
EPS	\$0.78	\$1.19	\$1.57	\$1.33	\$1.74	\$1.78
YoY growth	-41.8%	52.0%	32.8%	-15.4%	30.7%	2.2%
Shares Outstanding	15.2	15.6	16.8	17.1	17.2	17.6
YoY growth	0.5%	2.7%	7.5%	1.7%	0.8%	1.9%
Margin Data	2003	2004	2005	2006	2007E	2008E
EBITDA Margin	27.7%	31.0%	35.3%	31.0%	32.8%	33.8%
Net Income Margin	5.6%	8.1%	11.2%	8.6%	9.8%	10.2%
Return on Equity	5.6%	8.0%	10.4%	8.4%	10.1%	NA
O&M/Revenue Ratio	67.0%	67.7%	63.4%	62.7%	64.5%	62.4%
Additional Data	2003	2004	2005	2006	2007(1H)	
LT Debt/Total Cap	52.0%	47.7%	50.4%	48.6%	47.8%	
Net Utility Plant	\$602	\$664	\$713	\$751	\$757	
Book Value/Share	\$13.95	\$16.08	\$15.73	\$16.48	\$17.06	
Capital Expenditure	\$57	\$84	\$71	\$67	\$20	

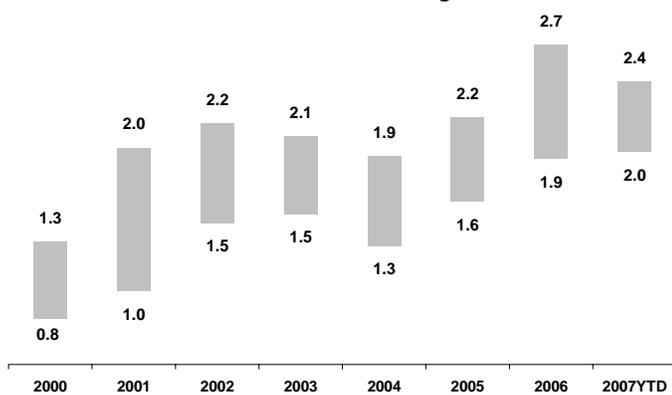
AWR Forward P/E Multiples



AWR Historical EV/EBITDA



AWR Price/Book Range



Current Price: \$43.66 Fair Value: \$41.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$38.00	21.4x	2.21x	9.29x	-4.2%
\$39.00	21.9x	2.27x	9.46x	-1.7%
\$40.00	22.5x	2.33x	9.62x	0.8%
\$41.00	23.1x	2.39x	9.79x	3.2%
\$42.00	23.6x	2.45x	9.96x	5.7%
\$43.00	24.2x	2.51x	10.13x	8.1%
\$44.00	24.7x	2.56x	10.30x	10.6%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

Aqua America, Inc.

NEUTRAL

WTR



Aqua America Inc.
762 W Lancaster Avenue
Bryn Mawr, PA 19010-3489
610-527-8000

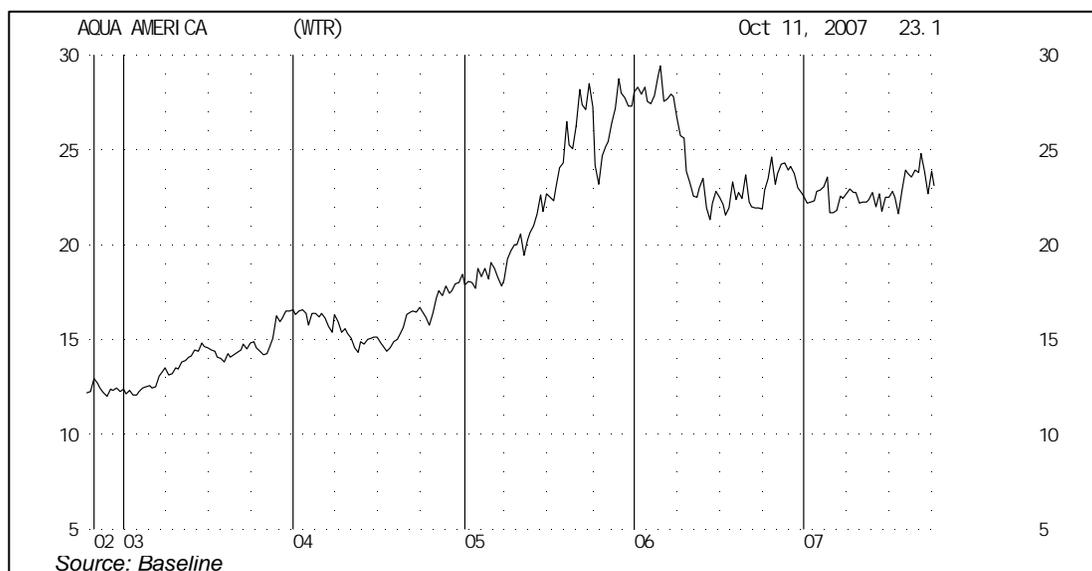
Company Statistics (Dec. Fiscal)		EPS	2006	2007E	2008E
Fair Value Target	\$24.00	Q1	\$0.13	\$0.13	\$0.16
Current Price	\$23.10	Q2	\$0.17	\$0.18	\$0.20
52 Week Price Range	\$20.50 - \$26.62	Q3	\$0.21	\$0.24	\$0.27
Market Cap	\$3,062,413.3	Q4	\$0.19	\$0.20	\$0.22
Average Daily Volume (000)	1,152	FY	\$0.70	\$0.75	\$0.84
Annual Dividend	\$0.50				
Dividend Yield	2.2%				

Company Description: Aqua America, Inc. provides water and wastewater utility service to suburban areas outside of Philadelphia, Chicago, and Cleveland, as well as other communities throughout 13 states, including Pennsylvania, New York, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri, and South Carolina.

Thesis: While Aqua America is realizing some benefit from recent, much-needed rate relief, most of the return on its half a billion dollars in capital investment over the past two years still lies ahead. We believe earnings leverage will take hold in the second half of 2008 and into 2009. In the short term, regulatory lag, increased depreciation expense associated with increased capital expenditures, and some less than favorable weather conditions have pressured earnings growth. For now, we believe the stock is fairly valued at current levels and maintain our NEUTRAL rating. Long term, however, we believe Aqua America will perform well as a core holding due to its above-average growth prospects, proactive regulatory strategy, and history of annual dividend increases.

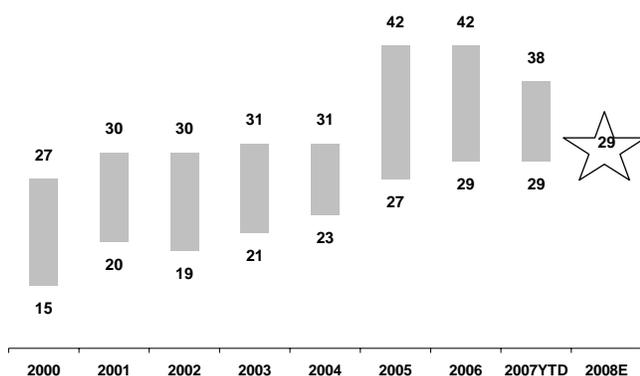
Potential Catalysts:

- Rate relief in Pennsylvania and Southern states
- Return to earnings growth and above-average returns
- Announcement of platform acquisition

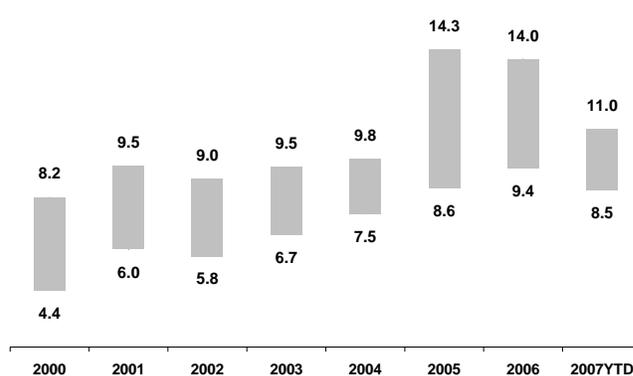


Aqua America, Inc.		NEUTRAL				WTR	
Income Statement		2003	2004	2005	2006	2007E	2008E
(dollars in millions)							
Revenue		\$367.2	\$442.0	\$496.8	\$533.5	\$612.4	\$656.5
YoY growth		14.0%	20.4%	12.4%	7.4%	14.8%	7.2%
EBITDA		\$212.8	\$239.7	\$265.6	\$285.7	\$322.6	\$352.8
YoY growth		10.5%	12.6%	10.8%	7.6%	12.9%	9.3%
Net Income		\$70.8	\$80.0	\$91.2	\$92.0	\$99.9	\$114.0
YoY growth		5.3%	13.0%	13.9%	0.9%	8.6%	14.1%
EPS		\$0.59	\$0.64	\$0.71	\$0.70	\$0.75	\$0.84
YoY growth		2.6%	7.4%	10.4%	-1.2%	7.1%	12.7%
Shares Outstanding		118.8	125.7	129.2	132.0	133.8	135.5
YoY growth		3.0%	5.8%	2.8%	2.1%	1.4%	1.3%
Margin Data		2003	2004	2005	2006	2007E	2008E
EBITDA Margin		58.0%	54.2%	53.5%	53.6%	52.7%	53.7%
Net Income Margin		19.3%	18.1%	18.3%	17.2%	16.3%	17.4%
Return on Equity		12.3%	11.4%	11.7%	10.6%	9.9%	NA
O&M/Revenue Ratio		38.3%	40.3%	40.9%	41.2%	40.7%	40.4%
Additional Data		2003	2004	2005	2006	2007(1H)	
LT Debt/Total Cap		51.4%	51.2%	51.9%	50.8%	52.4%	
Net Utility Plant		\$1,824	\$2,070	\$2,280	\$2,506	\$2,647	
Book Value/Share		5.55	5.95	6.30	6.98	7.06	
Capital Expenditure		\$163	\$196	\$237	\$272	\$108	

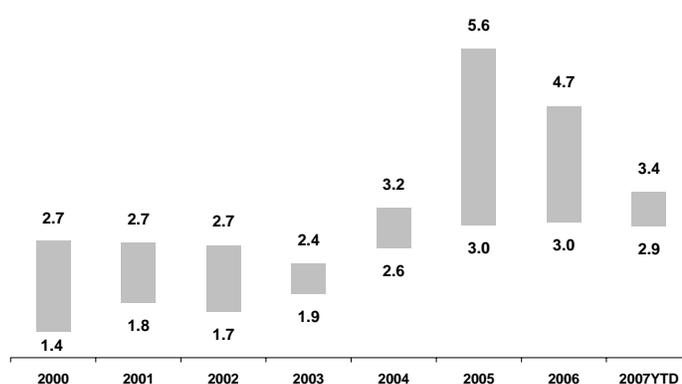
WTR Forward P/E Multiples



WTR Historical EV/EBITDA



WTR Price/Book Range



Current Price: \$23.10

Fair Value: \$24.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$21.00	25.0x	2.95x	11.92x	-12.9%
\$22.00	26.1x	3.09x	12.34x	-8.8%
\$23.00	27.3x	3.23x	12.75x	-4.8%
\$24.00	28.5x	3.37x	13.16x	-0.7%
\$25.00	29.7x	3.51x	13.57x	3.3%
\$26.00	30.9x	3.65x	13.98x	7.4%
\$27.00	32.1x	3.79x	14.39x	11.4%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

Artesian Resources, Corp.

BUY

ARTNA



Artesian Resources, Corp.
664 Churchmans Road
Newark DE 19702
800-332-5114

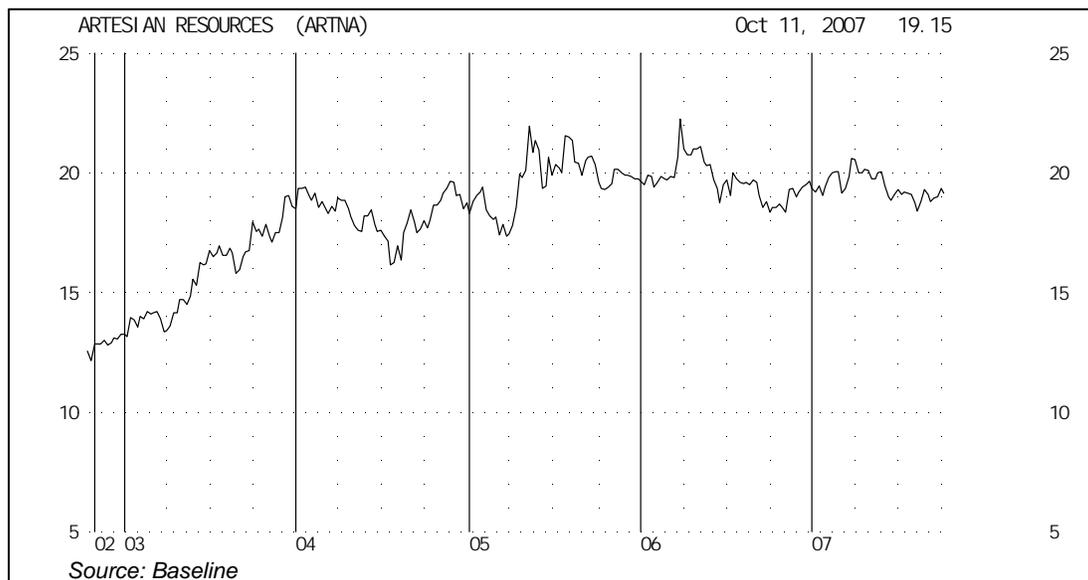
Company Statistics (Dec. Fiscal)		EPS	2006	2007E	2008E
Fair Value Target	\$21.00	Q1	\$0.16	\$0.18	\$0.16
Current Price	\$19.15	Q2	\$0.22	\$0.19	\$0.25
52 Week Price Range	\$18.05 - \$20.67	Q3	\$0.42	\$0.31	\$0.32
Market Cap	\$139,297.1	Q4	\$0.17	\$0.21	\$0.22
Average Daily Volume (000)	7	FY	\$0.97	\$0.90	\$0.95
Annual Dividend	\$0.66				
Dividend Yield	3.5%				

Company Description: Artesian Resources provides water services to approximately 243,000 people in Delaware, representing approximately 29% of the state's population. The company recently expanded its franchise territory into fast-growing Cecil County, Maryland, which will provide a long-term platform for customer growth. Artesian also provides wastewater utility services through Artesian Wastewater Management (AWM) and operating contract services for both water and wastewater through Artesian Utility Development (AUD).

Thesis: We expect Artesian to generate earnings growth through the development of its Delaware franchise territory, expansion into Maryland, and focus on rate relief. In August 2007, the company acquired Carpenter's Point, a small Maryland system, giving it a toehold in a new state that should contribute to long-term earnings growth as population in the area grows with the expansion of a local military base. Although only a small portion of the overall company, the wastewater business and contract & construction subsidiaries provide additional upside to earnings. We rate the stock BUY and believe Artesian is an attractive investment, especially for retail investors given its above-average dividend yield, regular dividend increases, and relative lack of trading volatility.

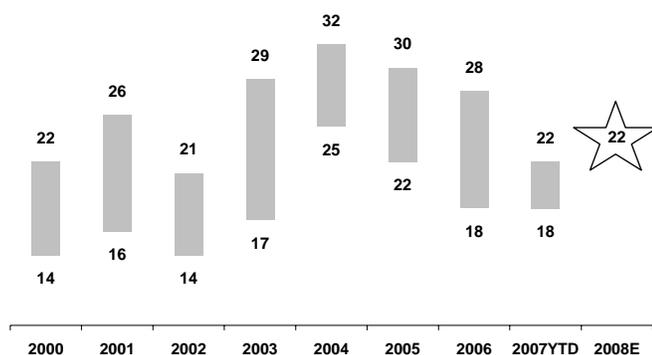
Potential Catalysts:

- Further acquisitions in Maryland
- A large contract win for the unregulated Artesian Utility Development (AUD)
- Filing for rate relief in Delaware in early 2008 and implementing interim rates
- Accelerated growth in Artesian Wastewater Management (AWM)

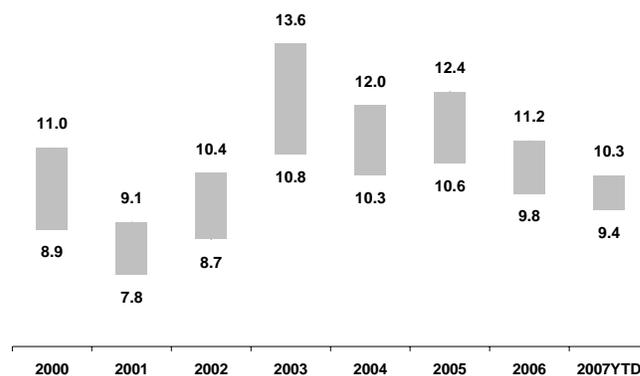


Artesian Resources, Corp.		BUY				ARTNA	
Income Statement	2003	2004	2005	2006	2007E	2008E	
(dollars in millions)							
Revenue	\$36.3	\$39.6	\$45.3	\$49.9	\$52.6	\$55.8	
YoY growth	4.9%	9.1%	14.4%	10.3%	5.3%	6.1%	
EBITDA	\$11.6	\$17.3	\$18.9	\$22.2	\$22.2	\$24.5	
YoY growth	-18.5%	49.3%	9.2%	17.9%	-0.3%	10.5%	
Net Income	\$3.8	\$4.4	\$5.0	\$7.4	\$6.3	\$7.1	
YoY growth	-8.5%	14.4%	14.4%	47.2%	-15.3%	13.8%	
EPS	\$0.64	\$0.72	\$0.81	\$0.96	\$0.90	\$0.95	
YoY growth	-15.5%	12.3%	12.9%	18.2%	-6.2%	5.6%	
Shares Outstanding	6.0	6.1	6.2	6.2	6.9	7.5	
YoY growth	10.6%	1.9%	1.3%	0.9%	11.4%	7.7%	
Margin Data	2003	2004	2005	2006	2007E	2008E	
EBITDA Margin	31.9%	43.7%	41.7%	44.6%	42.2%	43.9%	
Net Income Margin	10.6%	11.1%	11.1%	14.8%	11.9%	12.8%	
Return on Equity	7.5%	8.2%	8.9%	10.2%	1222.9%	NA	
O&M/Revenue Ratio	53.6%	52.0%	52.1%	51.4%	52.8%	51.1%	
Additional Data	2003	2004	2005	2006	2007(1H)		
LT Debt/Total Cap	60.5%	60.0%	61.5%	59.8%	53.2%		
Net Utility Plant	\$188	\$212	\$228	\$253	\$262		
Book Value/Share	\$8.78	\$8.98	\$9.35	\$9.88	\$12.23		
Capital Expenditure	\$25	\$29	\$20	\$29	\$12		

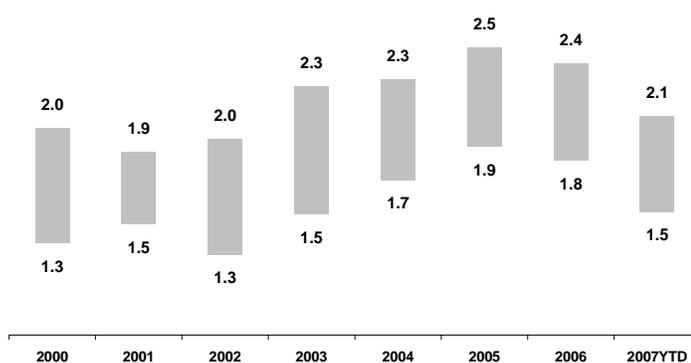
ARTNA Forward P/E Multiples



ARTNA Historical EV/EBITDA



ARTNA Price/Book Range



Current Price: \$19.15 Fair Value: \$21.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$17.00	17.8x	1.39x	9.29x	-7.5%
\$18.00	18.9x	1.47x	9.61x	-2.2%
\$19.00	19.9x	1.55x	9.93x	3.0%
\$20.00	21.0x	1.64x	10.25x	8.2%
\$21.00	22.0x	1.72x	10.57x	13.5%
\$22.00	23.1x	1.80x	10.90x	18.7%
\$23.00	24.1x	1.88x	11.22x	24.0%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

California Water Services Group

NEUTRAL

CWT



California Water Service Group
1720 North First Street
San Jose, CA 95112
408-367-8200

Company Statistics (Dec. Fiscal)

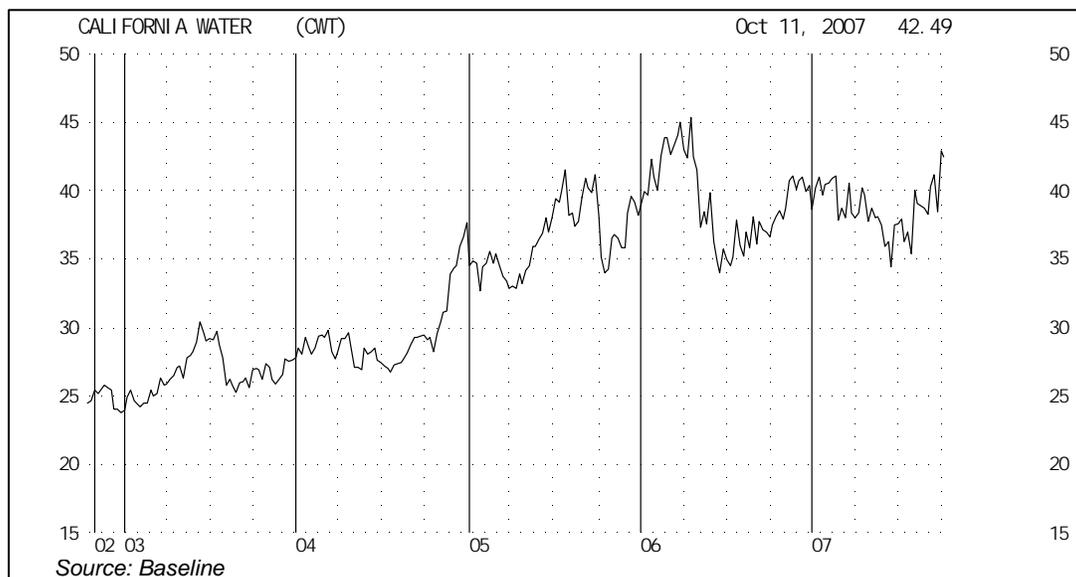
		EPS	2006	2007E	2008E
Fair Value Target	\$42.00	Q1	\$0.04	\$0.07	\$0.08
Current Price	\$42.49	Q2	\$0.31	\$0.37	\$0.40
52 Week Price Range	\$34.23 - \$45.37	Q3	\$0.68	\$0.76	\$0.85
Market Cap	\$878,098.4	Q4	\$0.31	\$0.33	\$0.36
Average Daily Volume (000)	169	FY	\$1.34	\$1.54	\$1.70
Annual Dividend	\$1.16				
Dividend Yield	2.7%				

Company Description: California Water Services Group is a regulated water utility serving over two million people through its five operating subsidiaries. Approximately 95% of its customer base is located in California and additional regulated operations in Washington, New Mexico, and Hawaii. California Water grows earnings through organic growth, rate relief, and small acquisitions.

Thesis: California Water is a high-quality regulated utility that is well-positioned for above-average earnings growth over the next two to three years. This is due to its program of investing in its asset base, and the notable regulatory improvement in California as the state adopts the Water Action Plan, which is designed to incentivize utilities to pursue conservation and infrastructure investment initiatives. Given the timing of its rate case filings, the company stands first in line of other California utilities, to benefit from the changes taking place in water utility regulation in California, the most meaningful regulatory reform we've seen in California in over decade. We maintain NEUTRAL and currently look for a more attractive entry point for new buyers in the stock.

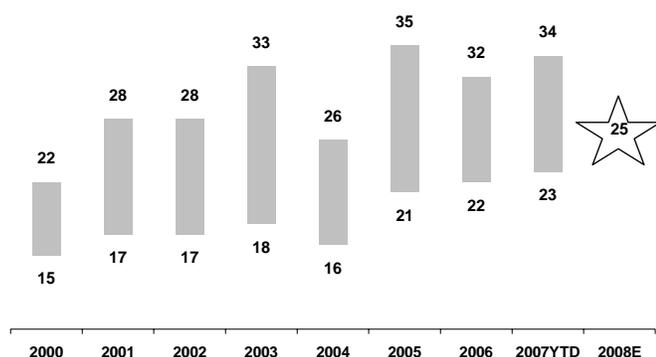
Potential Catalysts:

- Implementation of the overdue 2006 general rate case
- A timely and fair completion of the 2007 general rate case, the largest in the company's history
- Additional platform acquisitions in states west of the Mississippi

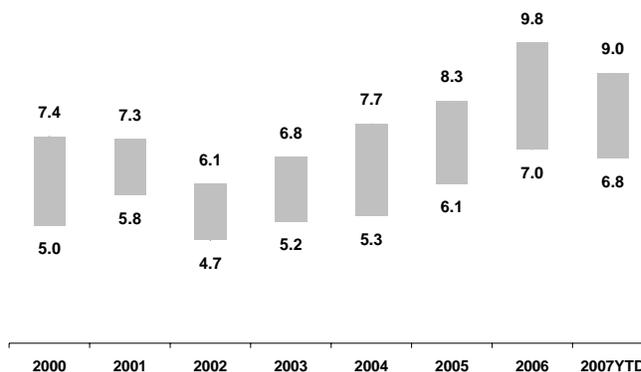


California Water Services Group			NEUTRAL			CWT
Income Statement	2003	2004	2005	2006	2007E	2008E
(dollars in millions)						
Revenue	\$277.1	\$315.6	\$320.7	\$334.7	\$379.4	\$411.2
YoY growth	5.4%	13.9%	1.6%	4.4%	13.4%	8.4%
EBITDA	\$60.4	\$87.1	\$93.7	\$90.0	\$104.4	\$116.4
YoY growth	-13.4%	44.2%	7.6%	-3.9%	15.9%	11.5%
Net Income	\$6.5	\$26.0	\$27.2	\$25.6	\$31.9	\$35.1
YoY growth	-65.7%	297.5%	4.6%	-6.0%	24.7%	10.1%
EPS	\$0.41	\$1.47	\$1.48	\$1.35	\$1.54	\$1.70
YoY growth	-67.0%	257.4%	0.4%	-8.6%	14.0%	10.1%
Shares Outstanding	15.9	17.7	18.4	18.9	20.7	20.7
YoY growth	4.6%	11.2%	4.2%	2.8%	9.4%	0.0%
Margin Data	2003	2004	2005	2006	2007E	2008E
EBITDA Margin	21.8%	27.6%	29.2%	26.9%	27.5%	28.3%
Net Income Margin	2.4%	8.2%	8.5%	7.6%	8.4%	8.5%
Return on Equity	8.6%	9.7%	9.3%	7.5%	8.2%	NA
O&M/Revenue Ratio	72.2%	69.5%	68.5%	70.3%	69.5%	68.5%
Additional Data	2003	2004	2005	2006	2007(1H)	
LT Debt/Total Cap	52.7%	48.9%	48.3%	43.5%	43.7%	
Net Utility Plant	\$759	\$800	\$863	\$941	\$975	
Book Value/Share	\$14.44	\$15.66	\$15.98	\$18.30	\$18.16	
Capital Expenditure	\$74	\$69	\$95	\$114	\$51	

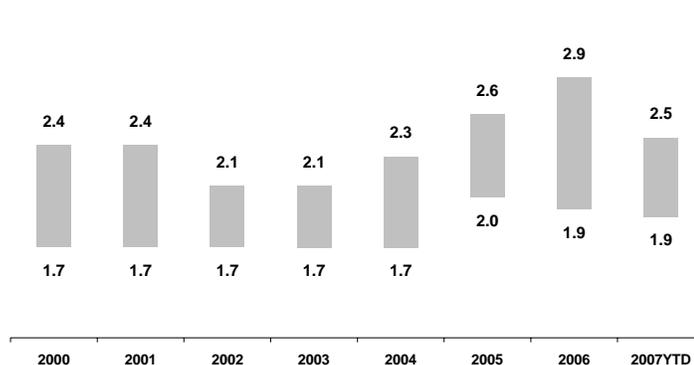
CWT Forward P/E Multiples



CWT Historical EV/EBITDA



CWT Price/Book Range



Current Price: \$42.49

Fair Value: \$42.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$38.00	22.4x	2.10x	10.04x	-2.8%
\$39.00	23.0x	2.16x	10.24x	-0.3%
\$40.00	23.6x	2.21x	10.44x	2.2%
\$41.00	24.2x	2.27x	10.64x	4.6%
\$42.00	24.8x	2.32x	10.84x	7.1%
\$43.00	25.4x	2.38x	11.03x	9.6%
\$44.00	25.9x	2.43x	11.23x	12.1%

Group Avg. 24.1x 2.35x 11.10x

Source: Baseline and JMS Estimates

Connecticut Water Service, Inc.

BUY

CTWS



Connecticut Water Service, Inc.
93 West Main Street
Clinton, CT 06413
800-428-3985

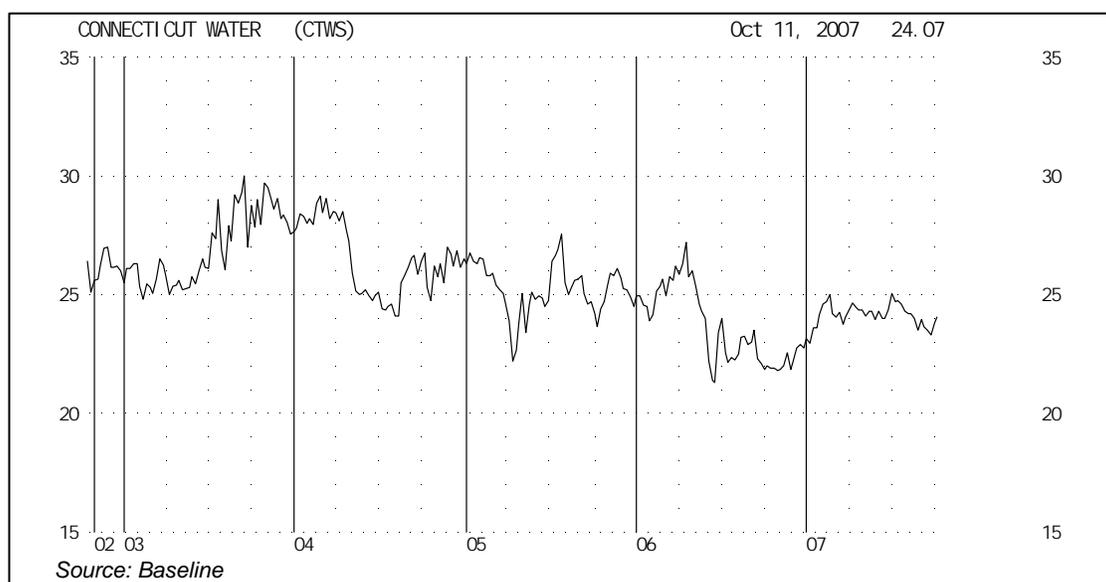
Company Statistics (Dec. Fiscal)		EPS	2006	2007E	2008E
Fair Value Target	\$27.00	Q1	\$0.21	\$0.17	\$0.18
Current Price	\$24.07	Q2	\$0.14	\$0.22	\$0.28
52 Week Price Range	\$21.41 - \$25.61	Q3	\$0.42	\$0.42	\$0.45
Market Cap	\$200,093.9	Q4	\$0.02	\$0.20	\$0.22
Average Daily Volume (000)	9	FY	\$0.74	\$1.01	\$1.12
Annual Dividend	\$0.87				
Dividend Yield	3.6%				

Company Description: Connecticut Water provides regulated water service to an estimated population of 286,000 people through 28 noncontiguous water systems in Connecticut. The regulated utility contributes approximately 93% of company revenues, while the remainder is derived from real estate and non-regulated water businesses.

Thesis: Over the past 18 months, Connecticut Water has been internally focused – divesting one of its utilities, consolidating smaller water utilities into a single operating structure, and completing a large rate case. Chairman and CEO Eric Thornburg joined the firm in March of 2006 and has refocused Connecticut Water's strategy on growth through acquisitions, expansion of the unregulated business, and smaller, more frequent rate increases. With a year of transition behind it and significant rate relief setting the stage for earnings growth in the next two years, Connecticut Water is ready to shift gears and concentrate on identifying external growth opportunities. We believe the company is targeting a large platform acquisition over the next 12-18 months in a new operating jurisdiction, as it strives to become a regional water player in New England. Our BUY rating on this small, but growing water utility reflects our view on the company's above-average upside potential in the coming year.

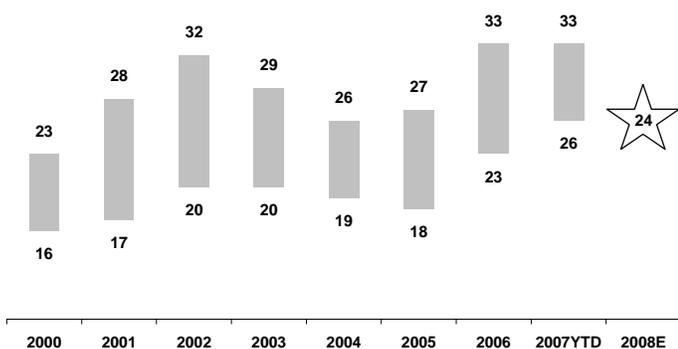
Potential Catalysts:

- Announcement of a large, platform acquisition in New England
- Continued flow of smaller, tuck-in acquisitions to accelerate earnings growth

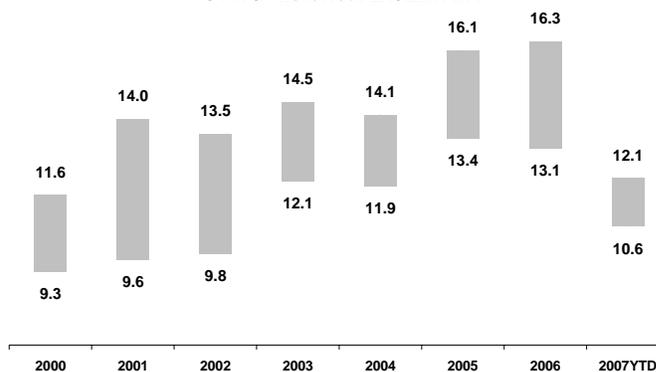


Connecticut Water Service, Inc.		BUY				CTWS	
Income Statement	2003	2004	2005	2006	2007E	2008E	
(dollars in millions)							
Revenue	\$44.6	\$46.0	\$47.5	\$46.9	\$59.1	\$61.8	
YoY growth	-3.0%	3.2%	3.1%	-1.1%	25.9%	4.5%	
EBITDA	\$20.8	\$21.1	\$18.4	\$18.6	\$23.8	\$25.4	
YoY growth	-8.4%	1.5%	-12.6%	0.8%	28.2%	6.5%	
Net Income	\$9.2	\$9.4	\$9.7	\$6.4	\$8.3	\$9.3	
YoY growth	4.5%	2.0%	3.8%	-34.4%	31.0%	11.7%	
EPS	\$1.11	\$1.14	\$0.81	\$0.74	\$1.01	\$1.12	
YoY growth	-1.2%	2.6%	-29.1%	-7.6%	35.8%	11.4%	
Shares Outstanding	8.0	8.0	8.1	8.2	8.3	8.3	
YoY growth	3.0%	0.5%	1.3%	1.2%	0.3%	0.3%	
Margin Data	2003	2004	2005	2006	2007E	2008E	
EBITDA Margin	46.6%	45.8%	38.8%	39.5%	40.3%	41.0%	
Net Income Margin	20.6%	20.3%	20.5%	13.6%	14.1%	15.1%	
Return on Equity	11.2%	10.9%	7.8%	7.0%	7.3%	NA	
O&M/Revenue Ratio	47.3%	48.5%	50.3%	56.3%	51.6%	51.4%	
Additional Data	2003	2004	2005	2006	2007(1H)		
LT Debt/Total Cap	43.5%	42.8%	44.9%	44.4%	44.3%		
Net Utility Plant	\$235	\$242	\$248	\$263	\$268		
Book Value/Share	\$10.52	\$11.04	\$11.66	\$11.74	\$11.79		
Capital Expenditure	\$9	\$10	\$16	\$17	\$8		

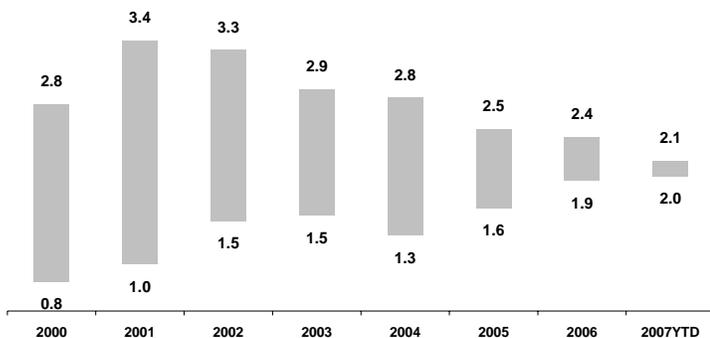
CTWS Forward P/E Multiples



CTWS Historical EV/EBITDA



CTWS Price/Book Range



Current Price: \$24.07

Fair Value: \$27.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$24.00	21.3x	2.04x	11.62x	3.2%
\$25.00	22.2x	2.12x	11.97x	7.3%
\$26.00	23.1x	2.21x	12.32x	11.4%
\$27.00	24.0x	2.29x	12.67x	15.6%
\$28.00	24.9x	2.38x	13.02x	19.7%
\$29.00	25.8x	2.46x	13.37x	23.9%
\$30.00	26.7x	2.55x	13.72x	28.0%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

Middlesex Water Co.

NEUTRAL

MSEX



Middlesex Water Company
 1500 Ronson Road
 Iselin, New Jersey 08830
 732-634-1500

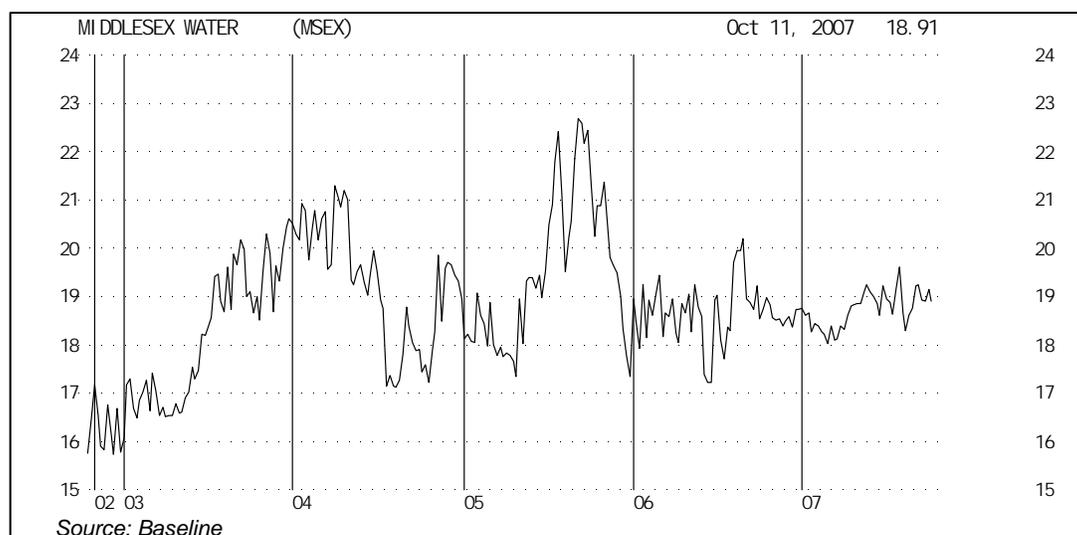
Company Statistics (Dec. Fiscal)		EPS	2006	2007E	2008E
Fair Value Target	\$21.00	Q1	\$0.15	\$0.13	\$0.11
Current Price	\$18.91	Q2	\$0.25	\$0.24	\$0.26
52 Week Price Range	\$16.93 - \$20.24	Q3	\$0.28	\$0.30	\$0.34
Market Cap	\$249,668.7	Q4	\$0.15	\$0.16	\$0.18
Average Daily Volume (000)	16	FY	\$0.82	\$0.84	\$0.89
Annual Dividend	\$0.69				
Dividend Yield	3.6%				

Company Description: Middlesex Water Company operates a regulated water utility in New Jersey and a water and wastewater business in Delaware, through its wholly-owned subsidiary Tidewater. The company provides service to approximately 150,000 customers in the two states. The company also operates water and wastewater systems under contract in both states.

Thesis: We continue to believe Middlesex's longer-term growth strategy is attractive and believe the company will announce acquisitions in additional mid-Atlantic service territories over the next 12-24 months. It will also continue to seek regulatory relief throughout its service territories to generate returns on infrastructure investments. In the short term, however, we maintain our NEUTRAL due to the dilutive effect of last year's share offering, concerns about moderated growth, and a slowdown in capital expenditures stemming from the housing market slowdown in Delaware. We are waiting to see the company's growth strategy of expanding into other states take hold.

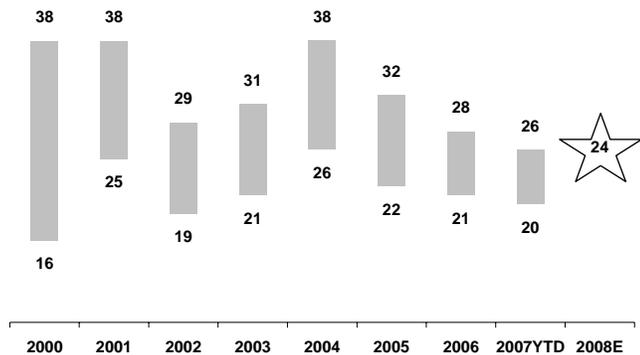
Potential Catalysts:

- Favorable outcome of the pending New Jersey rate case
- A return to customer growth in Delaware and an expansion of the company's capital expenditure program
- Expansion of regulated wastewater services
- Expansion into new states on the east coast including Virginia and Maryland

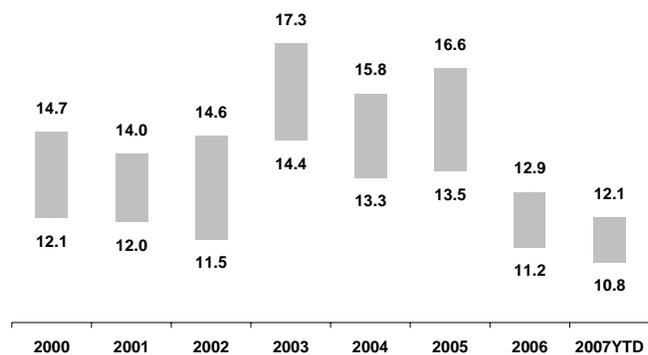


Middlesex Water Co.	NEUTRAL					MSEX
Income Statement	2003	2004	2005	2006	2007E	2008E
(dollars in millions)						
Revenue	\$64.1	\$71.0	\$74.6	\$81.1	\$85.7	\$91.3
YoY growth	3.4%	10.7%	5.1%	8.6%	5.8%	6.5%
EBITDA	\$20.5	\$23.6	\$24.4	\$22.1	\$31.3	\$33.4
YoY growth	-5.3%	15.2%	3.6%	-9.5%	41.6%	6.7%
Net Income	\$6.6	\$8.4	\$8.5	\$10.0	\$11.3	\$12.1
YoY growth	-15.0%	27.4%	0.4%	18.4%	12.9%	6.6%
EPS	\$0.59	\$0.72	\$0.71	\$0.82	\$0.84	\$0.89
YoY growth	-19.3%	22.4%	-2.1%	16.7%	1.6%	5.9%
Shares Outstanding	10.8	11.4	11.8	12.2	13.5	13.6
YoY growth	1.8%	5.6%	3.3%	3.3%	11.2%	0.7%
Margin Data	2003	2004	2005	2006	2007E	2008E
EBITDA Margin	31.9%	33.2%	32.7%	27.3%	36.5%	36.5%
Net Income Margin	10.3%	11.9%	11.4%	12.4%	13.2%	13.2%
Return on Equity	8.1%	9.2%	8.4%	8.5%	7.7%	NA
O&M/Revenue Ratio	56.5%	56.3%	56.5%	53.5%	53.5%	52.8%
Additional Data	2003	2004	2005	2006	2007(1H)	
LT Debt/Total Cap	54.2%	53.8%	55.3%	49.5%	49.2%	
Net Utility Plant	\$227	\$252	\$283	\$311	\$319	
Book Value/Share	\$10.11	\$8.73	\$8.78	\$10.36	\$9.94	
Capital Expenditure	\$18	\$29	\$25	\$30	\$9	

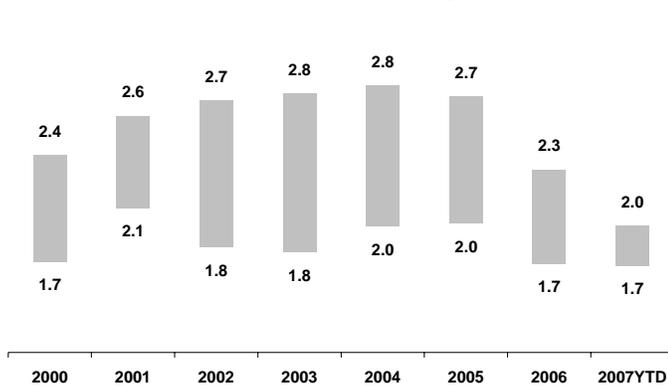
MSEX Forward P/E Multiples



MSEX Historical EV/EBITDA



MSEX Price/Book Range



Current Price: \$18.91

Fair Value: \$21.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/ EBITDA Multiple	Total Appreciation
\$17.00	19.2x	1.73x	11.34x	-7.4%
\$18.00	20.3x	1.83x	11.76x	-2.1%
\$19.00	21.4x	1.93x	12.18x	3.1%
\$20.00	22.6x	2.03x	12.60x	8.3%
\$21.00	23.7x	2.13x	13.03x	13.6%
\$22.00	24.8x	2.23x	13.45x	18.8%
\$23.00	25.9x	2.33x	13.87x	24.0%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

Pennichuck Corp.

NEUTRAL

PNNW



Pennichuck Corp.
25 Manchester Street
Merrimack, NH 03054
603-882-5191

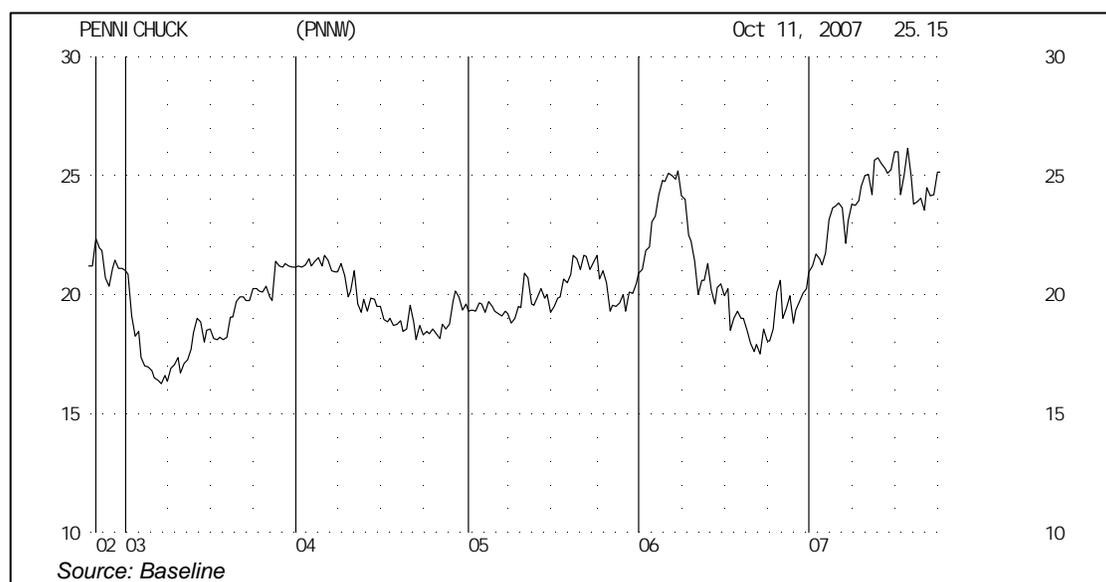
Company Statistics (Dec. Fiscal)		EPS	2006	2007E	2008E
Fair Value Target	\$24.00	Q1	(\$0.17)	\$0.04	\$0.06
Current Price	\$25.15	Q2	\$0.04	\$0.32	\$0.26
52 Week Price Range	\$17.26 - \$26.92	Q3	\$0.16	\$0.25	\$0.35
Market Cap	\$106,208.5	Q4	\$0.11	\$0.11	\$0.18
Average Daily Volume (000)	4	FY	\$0.13	\$0.73	\$0.84
Annual Dividend	\$0.66				
Dividend Yield	2.6%				

Company Description: Pennichuck provides regulated water service in parts of southern New Hampshire, serving an estimated population of 158,000 people. The company also has a real estate subsidiary and a small non-regulated water contract business.

Thesis: We believe Pennichuck has acted in its shareholders' and customers' best interests by fighting the city's eminent domain attempt over the last 5 years. With hearings just completed in September, we expect the commission to make a decision in the first quarter of 2008. We believe the company will ultimately remain in control of its water assets and pursue a growth strategy to become a regional water player. In the meantime, Pennichuck continues to service its customers, invest in its rate base, and remain diligent in its efforts to file for rate relief. We rate the company NEUTRAL, based on current valuation, but see long-term potential as rate relief has taken hold and the company earns additional returns on its \$40 million treatment plant upgrade.

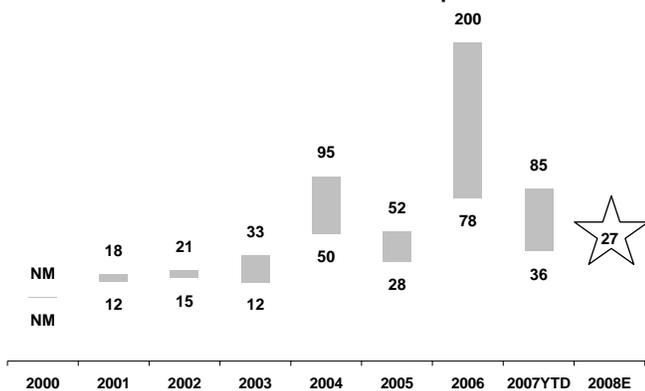
Potential Catalysts:

- Final resolution of the eminent domain case
- Liquidation of certain real estate holdings and a focused strategy on the use of proceeds
- Completion of treatment plant upgrade expected in early 2009 and the associated rate relief filing
- Acceleration in earnings growth through additional tuck-in acquisitions within New Hampshire

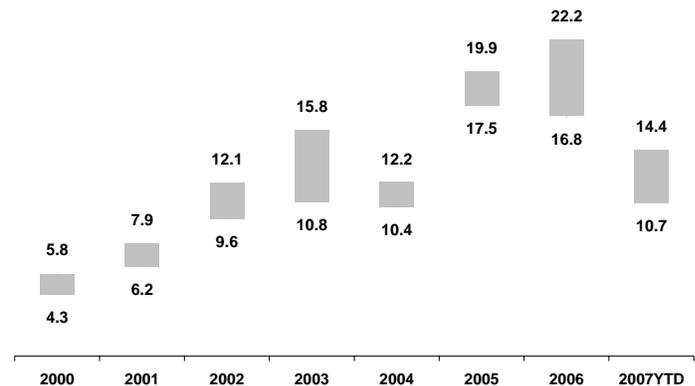


Pennichuck Corp.	NEUTRAL				PNNW	
Income Statement	2003	2004	2005	2006	2007E	2008E
(dollars in millions)						
Revenue	\$21.4	\$23.0	\$23.8	\$24.5	\$28.8	\$31.1
YoY growth	-8.6%	7.7%	3.2%	3.0%	17.7%	7.8%
EBITDA	\$7.1	\$8.0	\$6.3	\$6.6	\$11.3	\$12.4
YoY growth	-17.0%	13.9%	-21.5%	4.8%	71.2%	9.7%
Net Income	\$1.3	\$1.9	\$0.5	\$0.6	\$3.1	\$3.6
YoY growth	-44.0%	51.2%	-75.5%	19.5%	447.2%	15.6%
EPS	\$0.40	\$0.57	\$0.13	\$0.14	\$0.73	\$0.84
YoY growth	-45.2%	41.5%	-77.3%	5.2%	437.2%	15.2%
Shares Outstanding	3.2	3.2	3.7	4.2	4.3	4.3
YoY growth	-0.6%	0.5%	15.5%	13.6%	1.4%	0.8%
Margin Data	2003	2004	2005	2006	2007E	2008E
EBITDA Margin	33.0%	34.9%	26.5%	27.0%	39.2%	39.9%
Net Income Margin	6.0%	8.5%	2.0%	2.3%	10.8%	11.6%
Return on Equity	4.0%	6.0%	1.3%	1.3%	4.7%	NA
O&M/Revenue Ratio	75.7%	72.9%	79.7%	85.1%	77.5%	76.0%
Additional Data	2003	2004	2005	2006	2007(1H)	
LT Debt/Total Cap	47.1%	36.0%	47.5%	51.7%	52.2%	
Net Utility Plant	\$86	\$91	\$102	\$123	\$132	
Book Value/Share	\$9.44	\$9.39	\$12.30	\$10.57	\$10.50	
Capital Expenditure	\$7	\$5	\$11	\$21	\$8	

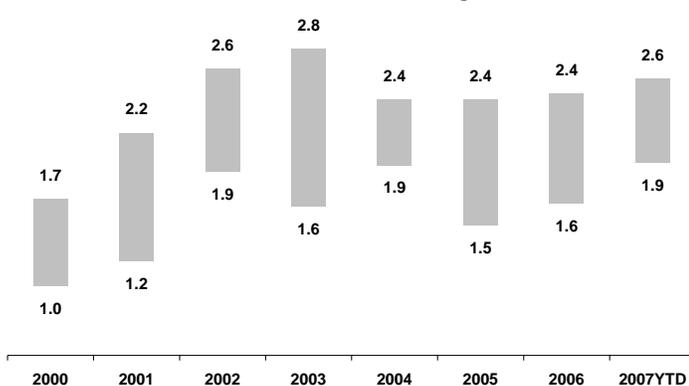
PNNW Forward P/E Multiples



PNNW Historical EV/EBITDA



PNNW Price/Book Range



Current Price: \$25.15

Fair Value: \$24.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$21.00	25.1x	2.02x	12.10x	-10.9%
\$22.00	26.3x	2.12x	12.47x	-6.7%
\$23.00	27.5x	2.22x	12.84x	-2.6%
\$24.00	28.7x	2.31x	13.21x	1.5%
\$25.00	29.9x	2.41x	13.58x	5.6%
\$26.00	31.1x	2.51x	13.96x	9.7%
\$27.00	32.3x	2.60x	14.33x	13.8%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

Southwest Water Co.

NEUTRAL

SWWC



Southwest Water Company

Southwest Water Co.
 One Wilshire Building
 624 South Grand Avenue
 Suite 2900
 Los Angeles, CA 90017-3782
 213-929-1800

Company Statistics (Dec. Fiscal)

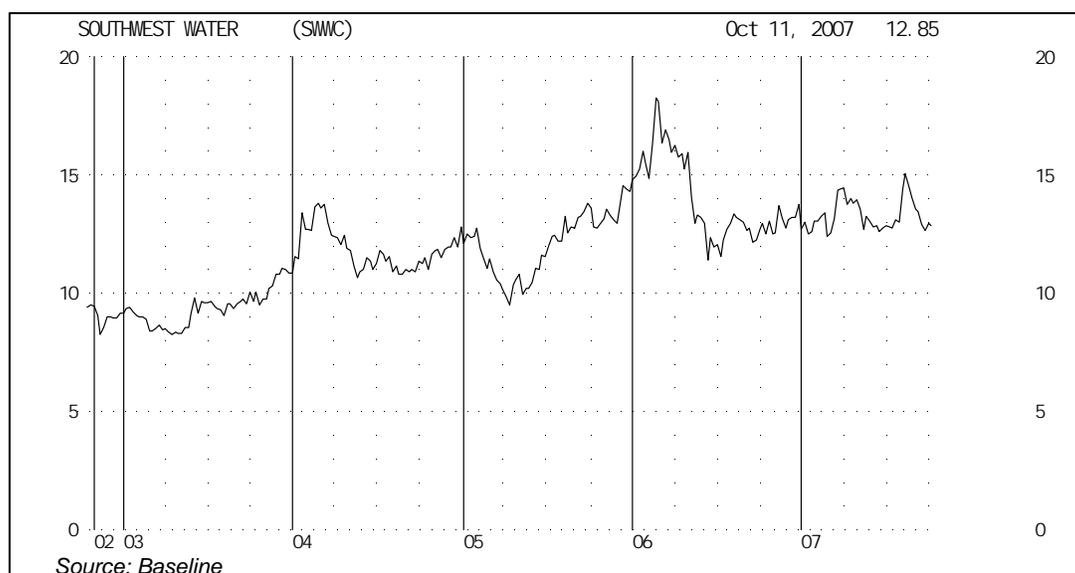
		EPS	2006	2007E	2008E
Fair Value Target	\$14.00	Q1	\$0.03	\$0.03	\$0.06
Current Price	\$12.85	Q2	\$0.08	\$0.09	\$0.15
52 Week Price Range	\$11.95 - \$16.41	Q3	\$0.16	\$0.15	\$0.19
Market Cap	\$310,635.9	Q4	\$0.13	\$0.12	\$0.14
Average Daily Volume (000)	235	FY	\$0.40	\$0.38	\$0.54
Annual Dividend	\$0.23				
Dividend Yield	1.8%				

Company Description: Southwest Water Company derives 40% of revenues (90% of net income) through its regulated water and wastewater utility operations in the states of California, New Mexico, Texas, Alabama, Mississippi and Oklahoma. The remaining 60% of revenues (10% of net income) stem from its non-regulated services business, which operates water and wastewater systems under contract, with a focus on opportunities in the southwestern and southern U.S.

Thesis: Southwest Water is a turnaround story that offers a unique investment opportunity in the water utility sector. The Utility Group continues to be a consistent earnings driver and we believe the company will continue to focus its acquisition efforts on this segment. However, we also believe the company has significant opportunity to expand and improve profitability in its unregulated Services Group. We believe the company can successfully execute its dual-pronged strategy under the leadership of a new management team. For now, we remain NEUTRAL on the shares, as the turnaround process is slow and the company has been hampered by the housing market slowdown and poor weather conditions in some territories.

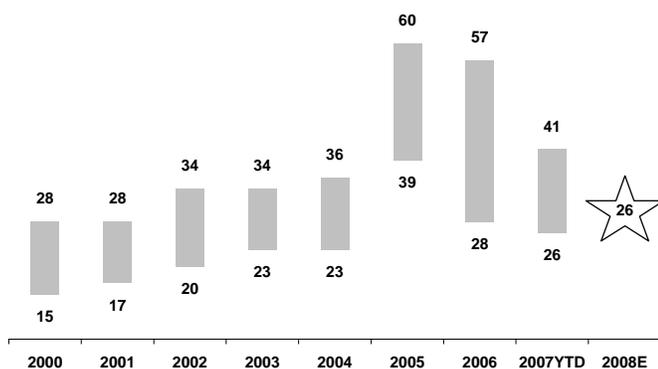
Potential Catalysts:

- Favorable outcome of Monarch Utilities rate case in Texas
- Margin expansion in the services business
- Positive outcome of the condemnation case in New Mexico
- Additional platform acquisitions and operating contracts within existing territories and as entry into new states.

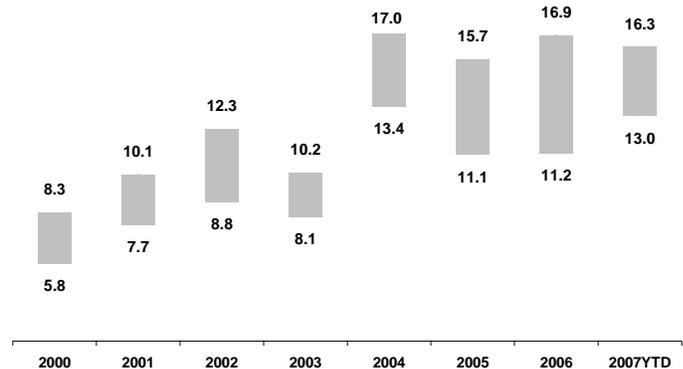


Southwest Water Co.	NEUTRAL					SWWC
Income Statement	2003	2004	2005	2006	2007E	2008E
(dollars in millions)						
Revenue	\$166.7	\$179.6	\$203.2	\$224.2	\$221.0	\$237.5
YoY growth	27.2%	7.7%	13.1%	10.3%	3.0%	7.5%
EBITDA	\$22.7	\$20.8	\$28.8	\$33.8	\$34.4	\$42.3
YoY growth	13.0%	-8.4%	38.3%	17.3%	2.0%	22.8%
Net Income	\$7.2	\$4.5	\$7.3	\$9.4	\$9.2	\$13.3
YoY growth	19.4%	-37.1%	61.4%	28.8%	-1.8%	44.6%
EPS	\$0.44	\$0.24	\$0.34	\$0.40	\$0.38	\$0.54
YoY growth	13.8%	-46.0%	40.6%	18.3%	-5.1%	42.2%
Shares Outstanding	16.2	19.4	21.6	23.4	24.4	24.8
YoY growth	7.2%	20.1%	11.3%	8.1%	4.3%	1.7%
Margin Data	2003	2004	2005	2006	2007E	2008E
EBITDA Margin	13.6%	11.6%	14.2%	15.1%	15.6%	17.8%
Net Income Margin	4.3%	2.5%	3.6%	4.2%	4.2%	5.6%
Return on Equity	10.2%	4.4%	5.4%	6.0%	5.6%	NA
O&M/Revenue Ratio	91.5%	93.7%	91.1%	90.1%	89.7%	87.4%
Additional Data	2003	2004	2005	2006	2007(1H)	
LT Debt/Total Cap	41.5%	42.4%	16.7%	50.2%	45.7%	
Net Utility Plant	\$220	\$302	\$345	\$390	\$412	
Book Value/Share	\$4.93	\$5.94	\$6.43	\$6.94	\$6.99	
Capital Expenditure	\$18	\$26	\$37	\$45	\$19	

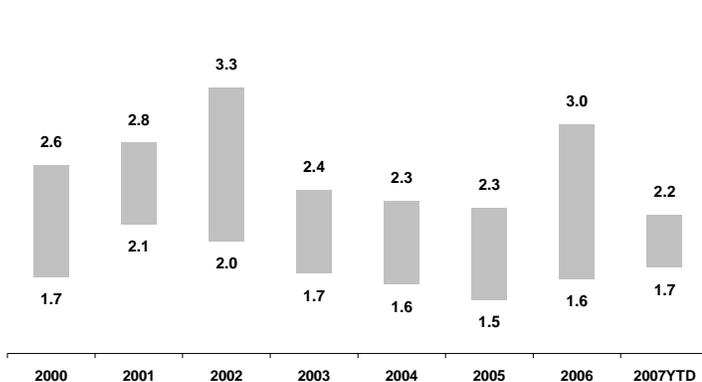
SWWC Forward P/E Multiples



SWWC Historical EV/EBITDA



SWWC Price/Book Range



Current Price: \$12.85

Fair Value: \$14.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$11.00	20.5x	1.57x	11.85x	-16.5%
\$12.00	22.3x	1.72x	12.56x	-9.1%
\$13.00	24.2x	1.86x	13.26x	-1.6%
\$14.00	26.1x	2.00x	13.96x	5.8%
\$15.00	27.9x	2.15x	14.66x	13.2%
\$16.00	29.8x	2.29x	15.37x	20.7%
\$17.00	31.6x	2.43x	16.07x	28.1%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

York Water Co.

NEUTRAL

YORW



York Water Co.
130 East Market Street
York, PA 17401
717-845-3601

Company Statistics (Dec. Fiscal)

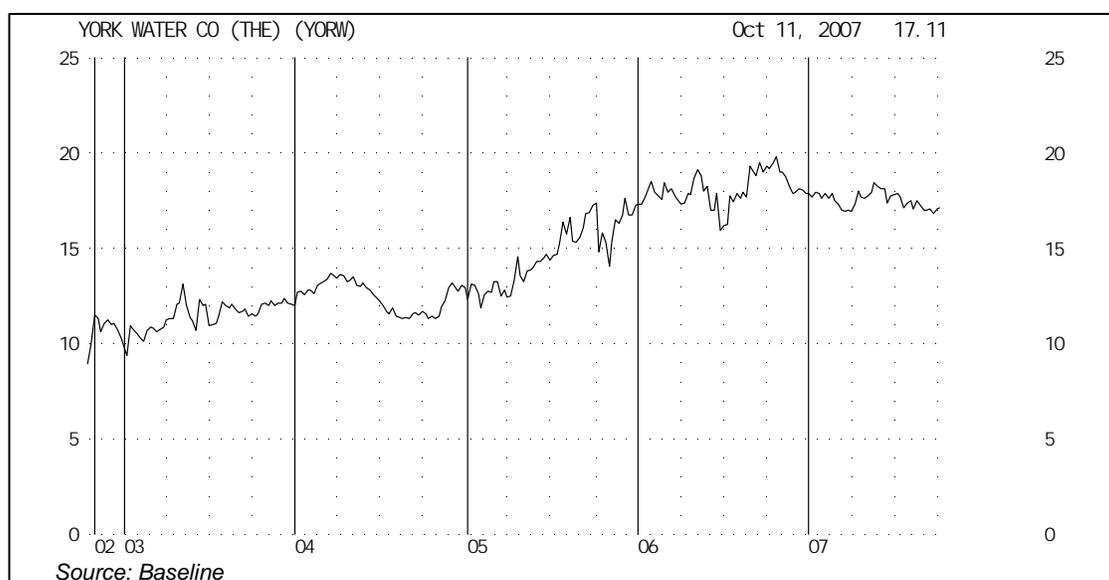
		EPS	2006	2007E	2008E
Fair Value Target	\$18.00	Q1	\$0.12	\$0.12	\$0.13
Current Price	\$17.11	Q2	\$0.14	\$0.15	\$0.16
52 Week Price Range	\$16.12 - \$20.25	Q3	\$0.17	\$0.19	\$0.21
Market Cap (000)	\$192,196.6	Q4	\$0.15	\$0.14	\$0.15
Average Daily Volume (000)	9	FY	\$0.58	\$0.60	\$0.66
Annual Dividend	\$0.47				
Dividend Yield	2.8%				

Company Description: The York Water Company provides regulated water service to an estimated population of 165,000 people. The company's original operating territory, and the majority of its customer base is located in York County. Recently, the company expanded operations west into the faster-growing Adams County.

Thesis: Since the completion on the Susquehanna Pipeline Project in November of 2004, York has embarked on a growth strategy to utilize some of its additional supply. The two largest undertakings have been the acquisition of West Manheim and an operating contract with Gettysburg, both pending regulatory approval from the Pennsylvania PUC. We expect York will continue to target acquisitions and operating contracts in relative proximity to its current operating territory. We do not expect a shift in strategy, as CEO Jeff Osman retires next year and current COO Jeff Hines will take the company reins. While it appears fairly valued now, we believe York Water remains an attractive investment for retail investors due to the company's growth strategy, attention to regulatory matters, annual dividend increases, and low risk profile.

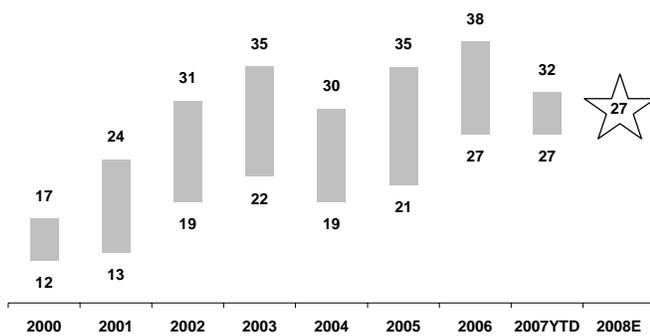
Potential Catalysts:

- Meaningful acquisitions in Adams and York County
- Progress towards acquiring a system in Maryland

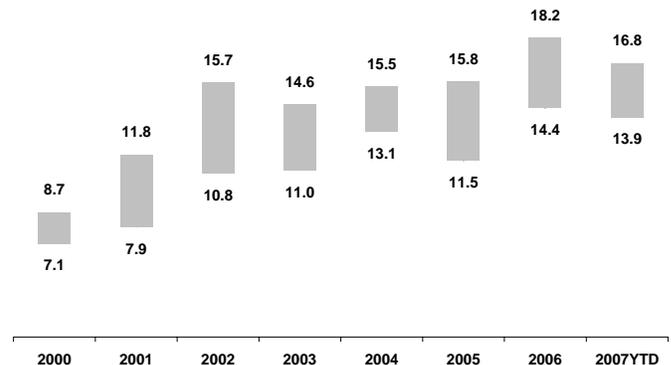


York Water Co.	NEUTRAL					YORW
Income Statement	2003	2004	2005	2006	2007E	2008E
(dollars in millions)						
Revenue	\$20.9	\$22.5	\$26.8	\$28.7	\$32.2	\$33.9
YoY growth	6.6%	7.7%	19.1%	6.9%	12.3%	5.4%
EBITDA	\$11.4	\$13.5	\$15.2	\$16.0	\$17.5	\$18.9
YoY growth	12.2%	17.9%	12.6%	5.2%	9.8%	7.6%
Net Income	\$4.4	\$5.3	\$5.8	\$6.1	\$6.7	\$7.5
YoY growth	17.1%	19.2%	10.0%	0.0%	10.1%	12.0%
EPS	\$0.46	\$0.53	\$0.56	\$0.58	\$0.60	\$0.66
YoY growth	16.1%	14.9%	5.6%	3.3%	2.8%	10.1%
Shares Outstanding	9.6	9.9	10.4	10.5	11.2	11.4
YoY growth	0.9%	3.7%	4.2%	1.1%	7.1%	1.7%
Margin Data	2003	2004	2005	2006	2007E	2008E
EBITDA Margin	54.8%	59.9%	56.6%	55.7%	54.5%	55.6%
Net Income Margin	21.3%	23.6%	21.8%	21.3%	20.8%	22.1%
Return on Equity	11.5%	12.2%	11.8%	10.5%	9.6%	NA
O&M/Revenue Ratio	42.7%	43.3%	40.0%	42.4%	42.2%	42.0%
Additional Data	2003	2004	2005	2006	2007(1H)	
LT Debt/Total Cap	43.4%	42.5%	44.1%	48.3%	47.9%	
Net Utility Plant	\$116	\$140	\$155	\$174	\$181	
Book Value/Share	\$4.09	\$5.01	\$4.87	\$6.24	\$5.93	
Capital Expenditure	\$10	\$26	\$16	\$21	\$6	

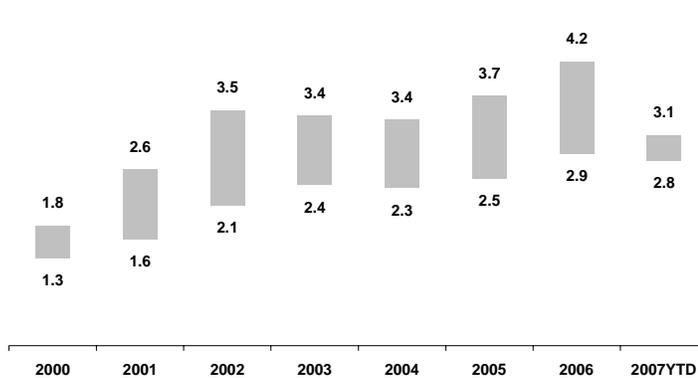
YORW Forward P/E Multiples



YORW Historical EV/EBITDA



YORW Price/Book Range



Current Price: \$17.11

Fair Value: \$18.00

Stock Price	P/E Multiple (08E)	Price-to Book Multiple	EV/EBITDA Multiple	Total Appreciation
\$15.00	22.8x	2.53x	13.16x	-9.4%
\$16.00	24.3x	2.70x	13.80x	-3.6%
\$17.00	25.8x	2.87x	14.45x	2.3%
\$18.00	27.4x	3.04x	15.09x	8.1%
\$19.00	28.9x	3.21x	15.73x	14.0%
\$20.00	30.4x	3.37x	16.37x	19.8%
\$21.00	31.9x	3.54x	17.01x	25.7%
Group Avg.	24.1x	2.35x	11.10x	

Source: Baseline and JMS Estimates

IMPORTANT DISCLOSURES**Research Analyst Certification**

Each of the primarily responsible analysts for this research report, Debra G. Coy and Heike M. Doerr, certify that all the views in this research report accurately reflect her personal views about any and all of the subject securities or issuers. No part of her compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

Janney Montgomery Scott LLC Equity Research Disclosure Legend October 18, 2007

Company	Disclosure(s)
Individual disclosures for the companies mentioned in this report can be obtained by calling or writing Janney Montgomery Scott LLC as provided on the first page of this report.	

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3. The research analyst primarily responsible for preparing this research report or a member of the research analyst’s household has a financial interest in the securities of the company in the form of options (O), warrants (W), futures (F), and/or a short position (S).
4. JMS or an affiliate managed or co-managed a public offering of securities for the company in the past 12 months.
5. JMS or an affiliate received compensation for investment banking services from the company in the past 12 months.
6. JMS or an affiliate received compensation for products or services other than investment banking services from the company in the past 12 months.
7. JMS may seek compensation for investment banking services from the subject company (ies) in the next 3 months.
8. The research analyst is compensated based on, in part, JMS’s profitability, which includes its investment banking revenues.
9. JMS or an affiliate beneficially owns 1% or more of any class of common equity securities of the company.
10. An Employee or Director of JMS is an officer or Director of subject company.
11. Other:

Definition of Ratings

- BUY** Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.
- NEUTRAL** Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.
- SELL** Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts

Contact JMS for the charts containing rating and price target information of covered companies.

Janney Montgomery Scott Ratings Distribution* as of 9/30/07

<u>BUY</u>	<u>NEUTRAL</u>	<u>SELL</u>
49%	48%	3%

*As a percent of total coverage. See ratings definition above.

Janney Montgomery Scott Ratings of Investment Banking Relationships* as of 9/30/07

<u>BUY</u>	<u>NEUTRAL</u>	<u>SELL</u>
3%	3%	0%

*Percentages of each rating category where JMS has performed Investment Banking services over the past 12 months.

Other Disclosures

Investment opinions are based on each stock's 6-12 month return potential. Our ratings are not based on formal price targets, however our analysts will discuss fair value and/or target price ranges in research reports. Decisions to buy or sell a stock should be based on the investor's investment objectives and risk tolerance and should not rely solely on the rating. Investors should read carefully the entire research report, which provides a more complete discussion of the analyst's views.

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