

MISSOURI AMERICAN WATER COMPANY

Estimate RoE using CAPM

<u>Line</u>	<u>Utility</u>	<u>Value Line Beta</u>
1	American States Water	<i>0.75</i>
2	American Water	<i>0.65</i>
3	Aqua America	<i>0.65</i>
4	Artesian Resources Corporation	<i>0.60</i>
5	California Water	<i>0.70</i>
6	Connecticut Water Services	<i>0.80</i>
7	Middlesex Water	<i>0.75</i>
8	SJW Corporation	<i>0.90</i>
9	York Water Company	<i>0.70</i>
10	Group average	0.72
11	Group median	0.70
12	Market risk premium	<i>6.70%</i>
13	Equity risk premium - average beta <small>In. 10 * In. 12</small>	4.84%
14	Equity risk premium-median beta <small>In. 11 * In. 12</small>	4.69%
15	Risk free rate	<i>4.38%</i>
16	Estimated RoE-average beta <small>In. 13 + In. 15</small>	9.22%
17	Estimated RoE-median beta <small>In. 14 + In. 15</small>	9.07%

Market risk premium is historical market risk premium as shown in Ibbotson SBBi 2011 Valuation Yearbook.

Risk free rate based on forecast yield of US 30 treasury bond for May 2012, as of November, 2011.