

Missouri-American Water Company  
 Comparable Earnings Analysis  
 for a Proxy Group of One Hundred Sixteen Non-Utility Companies Comparable to the  
Proxy Group of Six AUS Utility Reports Water Companies (1)

Rate of Return on Book Common  
 Equity, Net Worth, or Partner's  
 Capital  
5-Year Projected (2)

| Proxy Group of One Hundred Seventeen Non-Utility<br>Companies Comparable to the Proxy Group of Six<br>AUS Utility Reports Water Companies (1) | VL               |                    | Residual<br>Standard<br>Error of the<br>Regression | Standard<br>Deviation of<br>Beta | Rate of Return on Book Common<br>Equity, Net Worth, or Partner's<br>Capital<br>5-Year Projected (2) |                          |
|---|------------------|--------------------|--|----------------------------------|---|--------------------------|
|   | Adjusted<br>Beta | Unadjusted<br>Beta |  |                                  | 5 Year<br>Projection  | Student's T<br>Statistic |
| Affiliated Computer   | 0.75             | 0.56               | 3.2080   | 0.0714                           | 14.50   | (0.22)                   |
| Analog Devices  | 0.90             | 0.81               | 3.6726   | 0.0818                           | 17.00   | 0.10                     |
| Allergan, Inc.  | 0.90             | 0.82               | 3.3584   | 0.0748                           | 17.50   | 0.16                     |
| Gallagher (Arthur J.)   | 0.75             | 0.56               | 3.1255   | 0.0696                           | 24.00   | 0.97                     |
| Amgen   | 0.65             | 0.42               | 3.8066   | 0.0847                           | 16.50   | 0.03                     |
| Aon Corp.   | 0.70             | 0.52               | 3.9021   | 0.0869                           | 14.50   | (0.22)                   |
| AVX Corp.   | 0.95             | 0.85               | 3.4217   | 0.0762                           | 7.00  | (1.15)                   |
| Bed Bath & Beyond   | 0.90             | 0.85               | 3.7545   | 0.0836                           | 12.00   | (0.53)                   |
| Beckman Coulter   | 0.75             | 0.62               | 3.1885   | 0.0710                           | 12.00   | (0.53)                   |
| Bio-Rad Labs. A   | 0.90             | 0.84               | 3.8652   | 0.0860                           | 11.50   | (0.59)                   |
| BJ's Wholesale Club   | 0.75             | 0.55               | 4.0163   | 0.0894                           | 10.00   | (0.77)                   |
| BMC Software  | 0.85             | 0.73               | 3.3622   | 0.0746                           | 21.00   | 0.59                     |
| Brown & Brown   | 0.70             | 0.51               | 3.2448   | 0.0722                           | 13.00   | (0.40)                   |
| Cardinal Health   | 0.75             | 0.60               | 3.3076   | 0.0736                           | 9.50  | (0.84)                   |
| Coca-Cola Enterprises   | 0.90             | 0.81               | 3.5117   | 0.0782                           | 36.00 (3)   | 2.46                     |
| Crown Holdings  | 0.90             | 0.83               | 3.4851   | 0.0776                           | 29.50   | 1.65                     |
| Cephalon Inc  | 0.70             | 0.52               | 4.0468   | 0.0801                           | 14.50   | (0.22)                   |
| Cerner Corp   | 0.85             | 0.71               | 3.9413   | 0.0877                           | 11.00   | (0.65)                   |
| CLARCOR Inc.  | 0.95             | 0.85               | 3.7027   | 0.0824                           | 11.50   | (0.59)                   |
| Coherent, Inc.  | 0.90             | 0.78               | 3.8597   | 0.0859                           | 6.00  | (1.27)                   |
| Coca-Cola Bottling  | 0.70             | 0.47               | 3.6316   | 0.0808                           | 19.00   | 0.34                     |
| Columbia Sportswear   | 0.90             | 0.77               | 3.8340   | 0.0854                           | 12.50   | (0.46)                   |
| Copart, Inc.  | 0.95             | 0.85               | 3.6280   | 0.0808                           | 19.50   | 0.41                     |
| Charles River   | 0.85             | 0.77               | 3.7464   | 0.0834                           | 10.50   | (0.71)                   |
| Del Monte Foods   | 0.70             | 0.53               | 3.2787   | 0.0729                           | 10.50   | (0.71)                   |
| Dionex Corp   | 0.90             | 0.79               | 3.5366   | 0.0787                           | 23.50   | 0.90                     |
| DIRECTV Group (The)   | 0.85             | 0.77               | 3.1875   | 0.0710                           | 30.50   | 1.77                     |
| Davita Inc.   | 0.65             | 0.39               | 3.1744   | 0.0707                           | 18.50   | 0.03                     |
| Lauder (Estee)  | 0.95             | 0.85               | 3.3989   | 0.0757                           | 30.50   | 1.77                     |
| EarthLink, Inc  | 0.70             | 0.51               | 4.0460   | 0.0901                           | 16.00   | (0.03)                   |
| EMC Corp.   | 0.90             | 0.84               | 3.8370   | 0.0854                           | 11.00   | (0.65)                   |
| Energy Transfer   | 0.85             | 0.71               | 3.1256   | 0.0696                           | 32.50 (3)   | 2.02                     |
| First Niagara Finl Group  | 0.85             | 0.73               | 3.5910   | 0.0799                           | 7.50  | (1.09)                   |
| Forest Labs.  | 0.60             | 0.63               | 3.8042   | 0.0847                           | 9.50  | (0.84)                   |
| Genzyme Corp.   | 0.65             | 0.44               | 3.7938   | 0.0845                           | 13.50   | (0.34)                   |
| Gilead Sciences   | 0.65             | 0.40               | 3.6747   | 0.0818                           | 33.50 (3)   | 2.15                     |
| G&K Services A  | 0.80             | 0.69               | 3.3552   | 0.0747                           | 8.50  | (0.96)                   |
| Global Payments   | 0.85             | 0.70               | 3.7010   | 0.0824                           | 16.00   | (0.03)                   |
| Gen-Probe   | 0.85             | 0.78               | 4.0290   | 0.0897                           | 13.50   | (0.34)                   |
| Haemonetics Corp  | 0.65             | 0.42               | 3.1695   | 0.0706                           | 13.50   | (0.34)                   |
| Habro, Inc.   | 0.80             | 0.62               | 3.3402   | 0.0744                           | 21.00   | 0.59                     |
| HCC Insurance Hldgs.  | 0.85             | 0.71               | 3.1873   | 0.0705                           | 12.00   | (0.53)                   |
| Hewlett Associates A  | 0.75             | 0.58               | 3.2548   | 0.0725                           | 18.00   | 0.22                     |
| Block (H&R)   | 0.90             | 0.78               | 3.7417   | 0.0833                           | 29.50   | 1.65                     |
| Hospira Inc.  | 0.70             | 0.51               | 3.6472   | 0.0812                           | 22.50   | 0.78                     |
| Heartland Express   | 0.85             | 0.72               | 3.9916   | 0.0889                           | 23.00   | 0.84                     |
| IDEXX Labs.   | 0.85             | 0.77               | 3.2654   | 0.0727                           | 18.00   | 0.22                     |
| Intuit Inc  | 0.90             | 0.83               | 3.1749   | 0.0707                           | 20.00   | 0.47                     |
| Investors Bancorp Inc   | 0.70             | 0.51               | 3.4584   | 0.0788                           | 5.50  | (1.33)                   |
| Intl Speedway A   | 0.90             | 0.82               | 3.4301   | 0.0764                           | 9.00  | (0.90)                   |
| J&J Snack Foods   | 0.75             | 0.57               | 3.4659   | 0.0772                           | 11.50   | (0.59)                   |
| Life Technologies   | 0.80             | 0.65               | 3.7722   | 0.0840                           | 12.00   | (0.53)                   |
| Lincere Holdings  | 0.65             | 0.41               | 3.2537   | 0.0724                           | 25.00   | 1.09                     |

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**Missouri-American Water Company**  
Comparable Earnings Analysis  
for a Proxy Group of One Hundred Sixteen Non-Utility Companies Comparable to the  
Proxy Group of Six AUS Utility Reports Water Companies (1)

| Proxy Group of One Hundred Seventeen Non-Utility Companies Comparable to the Proxy Group of Six AUS Utility Reports Water Companies (1) | Rate of Return on Book Common Equity, Net Worth, or Panners' Capital |                 |   |                            |                      |                       |
|---|--|-----------------|---|----------------------------|----------------------|-----------------------|
|   | VL Adjusted Beta   | Unadjusted Beta | Residual Standard Error of the Regression | Standard Deviation of Beta | 5-Year Projected (2) |                       |
|   |  |                 |   |                            | 5 Year Projection    | Student's T Statistic |
| Mattel, Inc   | 0.85   | 0.76            | 3.8964                                    | 0.0867                     | 22.00                | 0.72                  |
| Mathews Intl  | 0.85   | 0.72            | 3.2537                                    | 0.0724                     | 15.50                | (0.09)                |
| McKesson Corp.  | 0.80   | 0.64            | 3.6895                                    | 0.0821                     | 14.00                | (0.28)                |
| Medtronic, Inc.   | 0.75   | 0.60            | 3.4569                                    | 0.0770                     | 22.00                | 0.72                  |
| Medco Health Solutions  | 0.70   | 0.49            | 3.5992                                    | 0.0801                     | 18.50                | 0.28                  |
| Markel Corp.  | 0.90   | 0.80            | 3.2875                                    | 0.0732                     | 7.50                 | (1.09)                |
| Magellan Midstream  | 0.90   | 0.83            | 3.3682                                    | 0.0750                     | 22.00                | 0.72                  |
| MAXIMUS Inc.  | 0.80   | 0.64            | 3.3819                                    | 0.0753                     | 14.00                | (0.28)                |
| National Instruments  | 0.90   | 0.81            | 3.6957                                    | 0.0823                     | 15.00                | (0.15)                |
| Annaly Capital Mgmt.  | 0.80   | 0.63            | 3.9643                                    | 0.0883                     | 15.00                | (0.15)                |
| Novo Nordisk ADR  | 0.80   | 0.69            | 3.1452                                    | 0.0700                     | 31.00                | 1.84                  |
| Northwest Bancorp   | 0.85   | 0.70            | 3.2705                                    | 0.0728                     | 8.50                 | (0.96)                |
| New York Community  | 0.80   | 0.69            | 3.6327                                    | 0.0809                     | 12.00                | (0.53)                |
| Realty Income Corp.   | 0.90   | 0.84            | 3.6316                                    | 0.0808                     | 8.00                 | (1.02)                |
| Owens & Minor   | 0.70   | 0.50            | 3.3586                                    | 0.0746                     | 11.50                | (0.59)                |
| Oracle Corp   | 0.90   | 0.63            | 3.1502                                    | 0.0701                     | 34.00 (3)            | 2.21                  |
| Odyssey Re Hldgs.   | 0.70   | 0.52            | 3.2108                                    | 0.0715                     | 5.50                 | (1.33)                |
| O'Reilly Automotive   | 0.85   | 0.72            | 3.5746                                    | 0.0796                     | 10.50                | (0.71)                |
| Plains All Amer. Pipe.  | 0.90   | 0.79            | 3.5972                                    | 0.0801                     | 12.00                | (0.53)                |
| PepsiAmericas Inc.  | 0.80   | 0.66            | 3.4481                                    | 0.0768                     | 12.00                | (0.53)                |
| Peoples United Finl   | 0.65   | 0.40            | 3.2451                                    | 0.0722                     | 5.50                 | (1.33)                |
| Pepsi Bottling Group  | 0.90   | 0.78            | 3.3406                                    | 0.0744                     | 22.00                | 0.72                  |
| Patterson Cos.  | 0.90   | 0.60            | 3.7787                                    | 0.0841                     | 13.00                | (0.40)                |
| Peets Coffee & Tea  | 0.80   | 0.63            | 3.9190                                    | 0.0872                     | 12.00                | (0.53)                |
| PerkinElmer Inc.  | 0.90   | 0.79            | 3.8054                                    | 0.0847                     | 10.00                | (0.77)                |
| Papa Johns Intl   | 0.85   | 0.77            | 3.9534                                    | 0.0680                     | 20.00                | 0.47                  |
| Ruddick Corp  | 0.60   | 0.38            | 3.5943                                    | 0.0800                     | 10.50                | (0.71)                |
| Reinsurance Group   | 0.65   | 0.76            | 3.7769                                    | 0.0641                     | 17.00                | 0.10                  |
| ResMed Inc.   | 0.75   | 0.57            | 3.9162                                    | 0.0872                     | 13.50                | (0.34)                |
| Rollins, Inc.   | 0.80   | 0.65            | 3.2083                                    | 0.0714                     | 27.00                | 1.34                  |
| Roas Stores   | 0.85   | 0.72            | 3.8069                                    | 0.0847                     | 41.00 (3)            | 3.08                  |
| Sycamore Networks   | 0.85   | 0.77            | 3.6995                                    | 0.0824                     | 1.50                 | (1.83)                |
| Schulman (A.)   | 0.90   | 0.81            | 4.0352                                    | 0.0898                     | 7.50                 | (1.09)                |
| Sherwin-Williams  | 0.75   | 0.55            | 3.3228                                    | 0.0740                     | 26.00                | 1.22                  |
| Silgan Holdings   | 0.80   | 0.64            | 3.1408                                    | 0.0699                     | 18.50                | 0.28                  |
| Synopsis, Inc.  | 0.85   | 0.72            | 3.7319                                    | 0.0831                     | 13.00                | (0.40)                |
| Suburban Propane  | 0.75   | 0.62            | 3.2843                                    | 0.0731                     | 50.00 (3)            | 4.20                  |
| Steticycle Inc.   | 0.65   | 0.47            | 3.5458                                    | 0.0789                     | 17.00                | 0.10                  |
| STERIS Corp.  | 0.80   | 0.81            | 3.6666                                    | 0.0821                     | 15.50                | (0.09)                |
| St. Jude Medical  | 0.80   | 0.68            | 4.0412                                    | 0.0900                     | 17.00                | 0.10                  |
| Constellation Brands  | 0.85   | 0.76            | 3.8445                                    | 0.0856                     | 11.00                | (0.65)                |
| Stryker Corp.   | 0.80   | 0.66            | 3.3340                                    | 0.0742                     | 17.00                | 0.10                  |
| Hanover Insurance   | 0.85   | 0.77            | 3.2090                                    | 0.0714                     | 10.50                | (0.71)                |
| TEPPCO Partners L.P.  | 0.90   | 0.82            | 3.5151                                    | 0.0783                     | 21.00                | 0.59                  |
| Total System Svcs   | 0.90   | 0.80            | 3.4338                                    | 0.0784                     | 16.00                | (0.03)                |
| Texas Instruments   | 0.90   | 0.81            | 3.6129                                    | 0.0804                     | 15.50                | (0.09)                |
| Universal Health Sv. B  | 0.80   | 0.68            | 3.6443                                    | 0.0811                     | 12.00                | (0.53)                |
| Universal Corp  | 0.80   | 0.68            | 3.8706                                    | 0.0662                     | 10.50                | (0.71)                |
| Varian Medical Sys.   | 0.80   | 0.68            | 3.8942                                    | 0.0867                     | 23.00                | 0.84                  |
| WD-40 Co  | 0.75   | 0.55            | 3.5149                                    | 0.0782                     | 17.50                | 0.16                  |
| Werner Enterprises  | 0.90   | 0.82            | 3.9488                                    | 0.0879                     | 17.00                | 0.10                  |
| Weis Markets  | 0.85   | 0.46            | 3.1192                                    | 0.0694                     | 8.50                 | (0.96)                |
| W.P. Carey & Co. LLC  | 0.90   | 0.80            | 3.5415                                    | 0.0788                     | 15.00                | (0.15)                |
| Watson Pharmac.   | 0.75   | 0.56            | 3.2191                                    | 0.0717                     | 10.50                | (0.71)                |
| Washington Post   | 0.80   | 0.67            | 3.4859                                    | 0.0776                     | 8.00                 | (1.02)                |
| Berkley (W.R.)  | 0.75   | 0.58            | 3.3727                                    | 0.0751                     | 17.00                | 0.10                  |
| West Pharmac. Svcs.   | 0.80   | 0.65            | 3.9378                                    | 0.0877                     | 13.50                | (0.34)                |
| Watson Wyatt  | 0.70   | 0.54            | 3.3237                                    | 0.0740                     | 13.50                | (0.34)                |
| World Wrestling Ent.  | 0.80   | 0.68            | 3.3909                                    | 0.0755                     | 31.50                | 1.90                  |
| Wolverine World Wide  | 0.80   | 0.65            | 3.9008                                    | 0.0868                     | 18.50                | 0.03                  |
| Alleghany Corp.   | 0.85   | 0.72            | 3.2654                                    | 0.0727                     | 6.50                 | (1.21)                |
| Alleghany Corp.   | 0.85   | 0.72            | 3.2654                                    | 0.0727                     | 6.50                 | (1.21)                |
| Zimmer Holdings   | 0.95   | 0.85            | 3.7669                                    | 0.0839                     | 13.00                | (0.40)                |
| <b>Average</b>  | <b>0.81</b>  | <b>0.66</b>     | <b>3.5530</b>                             | <b>0.0791</b>              |                      |                       |
| <b>#REF!</b>  | <b>0.77</b>  | <b>0.61</b>     | <b>3.5871 (4)</b>                         | <b>0.0799</b>              |                      |                       |
| <b>Median (5)</b>   |  |                 |   |                            | <b>14.50%</b>        |                       |
| <b>Conclusion (6)</b>   |  |                 |   |                            | <b>13.75%</b>        |                       |

See page 4 for notes.

Missouri-American Water Company  
Comparable Earnings Analysis

Notes:

(P) = Preliminary

- (1) The criteria for selection of the proxy group of one hundred sixteen non-utility companies was that the non-utility companies be domestic and have a meaningful projected rate of return on book common equity, shareholders' equity, net worth, or partners' capital 2012 – 2014 as reported in Value Line Investment Survey (Standard Edition). The proxy group of one hundred-fifteen non-utility companies was selected based upon the proxy group of six AUS Utility Reports water companies' unadjusted beta range of 0.37 – 0.85 and standard error of the regression range of 3.1143-4.0599. These ranges are based upon plus or minus three standard deviations of the unadjusted beta and standard error of the regression as detailed in Ms. Ahern's direct testimony. Plus or minus three standard deviations captures 99.73% of the distribution of unadjusted betas and standard errors of the regression.
- (2) 2012 - 2014.
- (3) The Student's T-statistic associated with these returns exceeds 1.96 at the 95% level of confidence. Therefore, they have been excluded, as outliers, to arrive at proper mean historical and projected returns as fully explained in Ms. Ahern's testimony.
- (4) The standard deviation of the group of six AUS Utility Reports water companies' standard error of the regression is 0.1576. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus, } 0.1576 = \frac{3.5871}{\sqrt{518}} = \frac{3.5871}{22.7596}$$

- (5) Median five year projected rate of return on book common equity, shareholder's equity, net worth, or partners' capital including returns identified as outliers as outlined in Note (3) above.
- (6) Median of the five year historical and five year projected return on book common equity, shareholder's equity, net worth or partner's capital excluding returns identified as outliers as outlined on Note (3) above.
- (7) The criteria for selection of the proxy group of twenty-five non-utility companies was that the non-utility companies be domestic and have a meaningful rate of return on book common equity, shareholders' equity, net worth, or partners' capital projected 2012 -2014 as reported in Value Line Investment Survey (Standard Edition). The proxy group of twenty-five non-utility companies was selected based upon the proxy group of eight AUS Utility Reports natural gas distribution companies' unadjusted beta range of 0.27 – 0.61 and standard error of the regression range of 2.1508 – 2.8038. These ranges are based upon plus or minus three standard deviations of the unadjusted beta and standard error of the regression as detailed in Ms. Ahern's direct testimony. Plus or minus three standard deviations captures 99.73% of the distribution of unadjusted betas and standard errors of the regression.
- (8) The Student's T-statistic associated with these returns exceeds 2.064 at the 95% level of confidence. Therefore, they have been excluded, as outliers, to arrive at proper mean historical and projected returns as fully explained in Ms. Ahern's testimony.
- (9) The standard deviation of the proxy group of six AUS Utility Reports water companies' standard error of the regression is 0.1088 (2.4773 / 22.7596).

Source of Information: Value Line, Inc., September 15, 2009  
Value Line Investment Survey (Standard Edition)