

Asset Purchase Agreement

Between

Noel Water Co., Inc.

as Seller

and

Algonquin Water Resources Of Missouri, LLC

DBA Liberty Water

as Purchaser

Dated as of March 4, 2011

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (“Agreement”) dated effective as of March 4, 2011 (the “Effective Date”), is by and between Noel Water Co., Inc., a Missouri corporation (the “Seller”), and Algonquin Water Resources of Missouri, LLC, a Missouri limited liability company, doing business as Liberty Water (the “Purchaser”).

Background

WHEREAS Seller owns a water supply and distribution system and certain other related assets located in and around Noel, Missouri, defined more fully below (the “Assets”) and is a “water corporation” and a “public utility” regulated by the Missouri Public Service Commission;

WHEREAS this water supply and distribution system and related assets are utilized for the provision of water supply services to the Noel community; and

WHEREAS Seller desires to sell the Assets and exit the public utility business and Purchaser desires to purchase and operate the Assets, all on the terms and conditions set forth in this Agreement.

NOW THEREFORE, IN CONSIDERATION of the mutual promises of the Parties, in reliance on the representations, warranties, covenants, and conditions contained in this Agreement, and for other good and valuable consideration, the Parties hereby agree as follows:

Agreement

ARTICLE 1 DEFINITIONS

1.01 **Specific Definitions.** Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

“Affiliate”: Any Person that, directly or indirectly, controls, or is controlled by, or under common control with, another Person. For the purposes of this definition, “control” (including the terms “controlled by” and “under common control with”), as used with respect to any Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or by contract or otherwise.

“Applicable Law”: All applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes and Orders of any Governmental Body, and (ii) Governmental Approvals.

“Assets”: As defined in Section 2.01 hereof.

“Asset Claims”: As defined in Section 2.01(f) hereof.

“Assignment and Assumption”: As defined in Section 9.01(c) hereof.

“Bill of Sale”: As defined in Section 9.01(b) hereof.

“Closing”: As defined in Section 2.06 hereof.

“Closing Date”: As defined in Section 2.06 hereof.

“Code”: The Internal Revenue Code of 1986, as amended.

“Commission”: The Missouri Public Service Commission.

“Consent”: Any form of consent, approval, or authorization from any Person (including foreign Persons), including any Governmental Body.

“Cure Notice”: As defined in Section 3.04 hereof.

“Damages”: Any and all damages, claims, obligations, demands, assessments, penalties, fines, liabilities (joint or several), costs (including compliance costs), punitive damages, losses, diminution in value, defenses, judgments, suits, proceedings, disbursements and expenses (including disbursements, expenses and reasonable fees of attorneys, accountants, consultants and other professional advisors and of expert witnesses, costs of investigation and preparation, litigation and costs of settlement) of any kind whatsoever, whether fixed or contingent, suffered or incurred by a Person.

“Easements”: The Easements described in Section 2.01(b).

“Effective Date”: As defined in the opening paragraph hereof.

“Environmental Law”: Any and all federal, state, or local, statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of Hazardous Materials or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials or wastes or the cleanup or other remediation thereof.

“Final and Non-Appealable Order” means an order of the Commission that completely and finally disposes of all issues in the subject proceeding and as to which (a) no request for stay of the action is pending, no such stay is in effect, and if any time period is permitted for the filing of such a stay, such time period has passed; (b) no application for rehearing or reconsideration, or application for review, of the action is pending and the time permitted for filing any such petition or application has passed; and (c) no appeal to a court, or request for stay before a court, of such Commission action is pending and the deadline for filing any such appeal has passed.

“Fixed Assets”: As defined in Section 2.01(c) hereof.

“Governmental Approval”: Any Consent of or from any Governmental Body.

“Governmental Body”: Any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency, authority or instrumentality. As used in this Agreement, this term does not include the Missouri Public Service Commission.

“Hazardous Material”: Any waste, substance, material, smoke, gas or particulate matter that: (i) is or contains asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum or petroleum-derived substances or wastes, radon gas or related materials, (ii) requires investigation, removal, regulation or remediation under any Environmental Law, or is defined, listed or identified as a “hazardous material”, “hazardous waste”, “hazardous substance”, “toxic substance”, “contaminant”, or “pollutant” thereunder, or (iii) is toxic, explosive, corrosive,

flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous or dangerous and is regulated by any Governmental Body or Environmental Law.

“Including” or “Includes”: Means including without limitation or includes without limitation.

“Knowledge”: The terms “knowledge,” “awareness,” and “belief” and any similar term or words of like import shall mean the actual knowledge, awareness or belief following inquiry with respect to the subject matter of the representation and/or warranty being given, as of the date the signature is affixed to the document.

“Liability or Liabilities”: Any commitments, debts, liabilities, obligations (including contract and capitalization lease obligations), indebtedness, accounts payable and accrued expenses of any nature whatsoever (whether any of the foregoing are known or unknown, secured or unsecured, asserted or unasserted, absolute or contingent, direct or indirect, accrued or unaccrued, liquidated or unliquidated and/or due or to become due), including any liability or obligation for Taxes.

“Lien”: All mortgages, deeds of trust, liens or security interests and other encumbrances in the form of a legal claim upon property to secure the payment of a debt.

“Notices”: As defined in Section 10.02 hereof.

“Objections”: As defined in Section 3.04 hereof.

“Operating Agreements”: As defined in Section 2.01(d) hereof.

“Order”: Any order, writ, injunction, decree, judgment, award, decision or determination of any Governmental Body.

“Outside Date”: As used in Section 10.11, means the date which is one year following the Effective Date.

“Parties”: Means Seller and Purchaser

“Permits”: All permits, authorizations, qualifications, certificates, consents, approvals, registrations, variances, exemptions, rights-of-way, franchises, privileges, immunities, grants, ordinances, licenses, waivers and other rights of every kind and character (a) under any (i) Applicable Law, (ii) Order or (iii) contract with any Governmental Body, or (b) granted by any Governmental Body.

“Permitted Encumbrances”: (i) Liens for Taxes and assessments not yet due and payable or which are being challenged in good faith and with respect to which adequate reserves have been established in the Financial Statements and the amount being challenged is included in the adjustments pursuant to Section 2.05 hereof; (ii) informational filings made by equipment lessors under the Uniform Commercial Code; and (iii) landlord’s liens created by statute and not by affirmative action of any landlord.

“Permitted Exceptions”: As defined in Section 3.04 hereof.

“Person”: An individual, partnership, joint venture, corporation, company, limited liability company, bank, trust, unincorporated organization, Governmental Body or other entity or group.

“Proceeding”: Any action, claim, suit, proceeding, litigation, arbitration, mediation, investigation, complaint, or other process.

“Purchase Price”: As defined in Section 2.04 hereof.

“Purchaser”: As defined in the opening paragraph hereof.

“Rate Base”: The rate base of Seller for rate making purposes under Missouri law, last identified with specificity in the Seller’s last rate case that was based on Seller’s balance sheet dated as of June 30, 2009, as adjusted through the date of Closing under this Agreement.

“Real Estate”: As defined in Section 2.01(b) hereof.

“Reasonable Efforts”: With respect to a given goal, the efforts that a reasonable person in the position of the Person required to act in such manner would use so as to achieve that goal as expeditiously as possible but without (a) incurring extraordinary costs or incurring liabilities or penalties, or (b) changing the Person’s normal conduct of business, or (c) taking actions that would tend to initiate litigation, or (d) retaining personnel who have committed actions that justify termination, or (e) taking other similar actions to those listed.

“Release”: Any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Material into the indoor or outdoor environment, including, without limitation, the abandonment or discarding of barrels, drums, containers, tanks, and other receptacles containing or previously containing any Hazardous Material.

“Seller”: As defined in the opening paragraph hereof.

“Seller’s Records”: As defined in Section 2.01(g) hereof.

“Survey”: As defined in Section 3.01 hereof.

“Taxes”: Any federal, state, local or foreign income, franchise, sales, excise, real or personal property, ad valorem or other Taxes, assessments, fees, levies, imposts, duties, deductions or other charges of any nature whatsoever (including interest and penalties) imposed by any Applicable Law.

“Title and Survey”: As defined in Section 3.04 hereof.

“Title and Survey Review Period”: As defined in Section 3.04 hereof.

“Title Commitment”: As defined in Section 3.03 hereof.

“Title Company”: As defined in Section 3.03 hereof.

“Title Policy”: As defined in Section 3.05 hereof.

“Transaction” or “Transactions”: The acquisition of the Assets and the performance of the other covenants and the consummation of the transactions described in this Agreement.

“Transaction Expenses”: As used in Sections 6.02, 9.03 and 10.11, the expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the consummation of the Transactions, including all fees and expenses of counsel and representatives.

Other Definitions. Other terms shall have the meanings ascribed to them elsewhere herein or where not specifically defined, shall have the meaning shown in an ordinary dictionary.

ARTICLE 2
SALE AND PAYMENT OF PURCHASE PRICE

2.01 **Sale of Assets.** Subject to the terms and conditions of this Agreement, on the Closing Date, Seller agrees to sell, convey, transfer, assign, and deliver to Purchaser, and Purchaser agrees to purchase and accept from Seller all of Seller's right, title, and interest in and to the following assets, properties, rights, licenses and business of Seller (the "Assets") being substantially all of the assets that are owned and used by Seller in connection with Seller's operations, free and clear of all Liens except Permitted Encumbrances:

(a) Distribution System. Any and all supply or collection pipe lines, valves, manholes, pump, lift and booster stations, storage tanks, reservoirs, and other collection vessels, chlorine and other chemical disbursement or injection systems, fire hydrants and all other equipment associated with the distribution system (collectively, the "Lines") which are a part of, connected to, or serve the Assets, including those set forth on Section 2.01(a) of the Disclosure Schedules (collectively, the "Distribution System");

(b) Real Estate. The owned real property of Seller and carried on the books of the Seller set forth on Section 2.01(b) of the Disclosure Schedules and any and all Easements that the Seller owns or that the Seller has any right to use including those set forth on Schedule 2.01(b) (collectively, the "Real Estate");

(c) Personal Property and Fixed Assets. All tangible personal property (the "Personal Property") and fixed assets (the "Fixed Assets") of Seller that are located at or used in connection with the operation of the Assets and carried on the Seller's books, more particularly set forth on Section 2.01(c) of the Disclosure Schedules, together with all transferable warranties in connection therewith but excluding any tangible personal property or fixed assets which are identified as being Excluded Assets on Section 2.03 of the Disclosure Schedules;

(d) Operating Agreements. All of Seller's right, title and interest (if any) in and to all assignable contracts, leases or permits relating to the upkeep, repair, maintenance or operation of the Assets, the Personal Property and the Fixed Assets, more particularly set forth on Section 2.01(d) of the Disclosure Schedules (the "Operating Agreements"). Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign or assume any claim, contract, permit, lease, commitment or any claim or right or any benefit arising thereunder or resulting therefrom if an attempted assignment or assumption thereof, without the consent of a third party thereto, would constitute a breach thereof;

(e) Intangible Assets. Certain of Seller's intangible assets used in connection with the Assets and carried on Seller's books, including any regulatory assets allowed by the Commission, contributions in aid of construction, construction work in process, the name and telephone number used by Seller, and the post office box number used by Seller;

(f) Claims Relating to Assets. All of Seller's rights, claims and causes of action relating to the Assets (the "Asset Claims"); and

(g) Seller's Records. All lists and records pertaining to the use and operation of the Assets including information pertaining to customers, rates, billings, currently-employed personnel, and all other drawings, books, ledgers, files, documents, and business records of every kind and nature of Seller relating to the Assets (collectively, the "Seller's Records") that are not listed on the Excluded Assets schedule.

2.02 **Liabilities.** Seller covenants to retain and Purchaser shall not assume any of the Liabilities of Seller or Liabilities of Seller relating to the Assets, except for the following, which Purchaser shall assume as of Closing:

- (a) Liabilities arising and relating to events that occur on or after the Closing Date and assumed by Purchaser pursuant to this Agreement, including the obligation to operate the Assets;
- (b) Liabilities with respect to the Assets that Purchaser has agreed to purchase pursuant to this Agreement, including the Operating Agreements;
- (c) Liabilities in respect of which adjustments have been made in the working capital; and
- (d) The obligation, if any, to refund or repay with interest in the ordinary course of business, and pursuant to the procedures approved by the Commission, the customer deposits identified on Section 2.02(c) of the Disclosure Schedules (which customer deposits are part of the Rate Base calculations under Article 3).

2.03 **Excluded Assets:** The following assets are excluded from the transaction and will remain the property of Seller or its Affiliates free and clear of any claim of Purchaser (collectively, the “Excluded Assets”):

- (a) All cash, demand deposits, certificates of deposit, other rights in bank accounts (savings, checking or other), investment accounts, marketable securities, uncollected checks, or other cash or near cash assets of Seller and its Affiliates regardless of where held or under what name;
- (b) Accounts receivable and unbilled revenue owned by Seller and arising out of the conduct of the Seller’s operation prior to the Closing;
- (c) Real estate not identified on Section 2.01(b) of the Disclosure Schedules, and more specifically the current office building of Seller located at 110 Foster Street and the warehouse building located at 110 Railroad Avenue;
- (d) Any contracts or agreements other than the Operating Agreements;
- (e) All of Seller’s rights, claims, and causes of action other than the Asset Claims. For the sake of clarity, items retained by Seller under this Section 2.03(e) include (i) any deductions or claims for refund or credit of any Taxes or other governmental charges accrued for periods ending on or before the Closing Date and (ii) any rights, claims and causes of action with respect to any Excluded Assets;
- (f) Any net operating losses or other tax attributes of Seller;
- (g) All rights of Seller under this Agreement and the agreements and instruments delivered to Seller by Purchaser in connection with this Agreement;
- (h) The corporate seal and records of the Seller, including the corporate minute book and resolutions, stock records, and other similar corporate documents not necessary for the operation of the Assets by the Purchaser; and
- (i) All items of personal property listed on Section 2.03(i) of the Disclosure Schedules.

2.04 Consideration for the Sale. In consideration of the sale and transfer of the Assets of Seller to the Purchaser and the representations, warranties, and covenants of Seller set forth in this Agreement, on the Closing Date Purchaser shall pay to Seller the amount of NINE HUNDRED TWENTY FOUR THOUSAND FIVE HUNDRED FORTY (\$924,540) DOLLARS, as may be adjusted in accordance with Section 2.05 (the “Purchase Price”), which Purchase Price shall be paid by the Purchaser to the Seller by way of immediately available funds.

2.05 Purchase Price Adjustments.

(a) General. Subject to all other provisions of this Agreement, all benefits and obligations of any kind and nature relating to the Assets to be conveyed and liabilities assumed pursuant to this Agreement shall be adjusted between the Parties as of the date of Closing.

(b) Capital Expenses and Depreciation and Working Capital. The Purchase Price is intended to reflect 1.2 times the Rate Base of the Seller and the parties intend that the Purchase Price reflect 1.2 times the Rate Base of Seller at Closing. Correspondingly, the Purchase Price will be decreased by 1.2 times the amount of depreciation incurred by Seller from July 1, 2009 through the Closing Date and increased by 1.2 times the amount of capital expenses made by Seller from July 1, 2009, until the Closing Date, to the extent each or other similar changes in the assets or liabilities of the Assets reflect a change in the Rate Base of Seller. The adjustment for capital expenses and depreciation is intended to be a net adjustment to the Purchase Price in Section 2.04. Purchaser shall have the right to challenge any investments in the Assets made by Seller that Purchaser does not consider to be prudent, used or useful in the performance of the duties of Seller as a public utility, but the Parties shall resolve the dispute prior to Closing.

The accounts materials and supplies, customer deposits, and customer advances for construction which are components of the June 2009 determination of Rate Base will be verified and adjusted using the procedure described in 2.05 (b) in order to reflect a Purchase Price that is 1.2 times the Rate Base determined at closing.

(c) Ad Valorem Taxes. Ad valorem taxes for the Seller, the Personal Property, and the Fixed Assets for the current calendar year shall be prorated as of the date of Closing, and the Purchase Price will be reduced by Seller’s pro-rata portion of such taxes. Seller’s pro-rata portion of such taxes shall be based upon taxes actually assessed for the current calendar year, or, if for any reason such taxes have not been actually assessed, such proration shall be based upon the amount of such taxes for the immediately preceding calendar year.

(d) Income and Operating Expenses. Public utility charges, maintenance, electricity, service charges and all other normal operating charges and income for or pertaining to the Seller shall be prorated as of the Closing date. Seller will pay at or prior to Closing expenses incurred prior to the Closing owed to suppliers, vendors, contractors and any other third parties pertaining to the Assets, including amounts owing under the Operating Agreements. Maintenance and service contract expenses (whether or not service is continued by Purchaser) and utility charges shall be determined to the date of the Closing and will be the liability of Seller.

(e) Adjustment Process. On the date which is seven (7) business days prior to the scheduled Closing Date, Seller shall deliver to Purchaser an estimate of the adjustments to the Purchase Price described above, together with any additional backup information reasonably requested by Purchaser. As soon as practical, Seller and Purchaser shall cooperate in preparing and reaching a Closing settlement, accounting for any additional credits or debits between the

parties as necessary to carry out the intent of this Agreement, including the general principles regarding the Purchase Price described above and that from and after the Closing date, the expenses incurred from the operation of the Assets shall be charged to Purchaser, and before the Closing date such sums shall be borne by the Seller.

(f) Post-Closing Expenses and Revenue. Purchaser shall notify Seller if invoices relating to expenses incurred from the operation of the Seller before Closing are received after Closing, and include the amount as well as the due date on the invoice, and upon receipt Seller shall pay the invoice. Likewise after Closing, Purchaser will collect and remit to Seller any amounts received by Purchaser in respect of unbilled revenue or accounts receivable.

2.06 Closing.

(a) Subject to the conditions set forth in this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at a location and time in McDonald County, Missouri, that is mutually agreed to between the Parties within approximately thirty (30) days after the effective date of a Final and Non-appealable Order of the Commission approving the sale addressed in this agreement, such order to be reasonably acceptable in form and content to Seller and Purchaser. If neither party notifies the other in writing within ten (10) days after the effective date of such Final and Non-appealable Order, it shall be presumed that the Commission's approval is satisfactory in form and content for purposes of this section.

(b) If the order of the Commission contains conditions or provisions which either the Seller or the Purchaser find objectionable, each shall make their objections known by telephonic communication to all counsel for the other party listed in the Notice provisions not later than five (5) days after the date the order is issued, and shall follow up and document such telephonic communication with a communication in writing by electronic means (such as email) detailing such objections. Such Notice, when given, shall operate to indefinitely postpone the Closing. During this postponement, the Parties agree to confer and negotiate concerning such objections at mutually convenient times for not more than sixty (60) days in an attempt to resolve issues to their mutual satisfaction, but neither shall be required to reach an agreement as a result of such negotiations.

(c) If no Notice of objections is made, so as to not interrupt or unduly interfere with the ongoing operations and billing of the Seller, and provide for a more orderly transition, the Closing shall be at a mutually agreeable date and time on a business day for Seller between the twelfth (12th) and the sixteenth (16th) day of the month, and may be postponed from day to day thereafter by mutual agreement to accommodate practical considerations relating to the Closing details.

2.07 Allocation of Purchase Price. The Purchase Price shall be allocated among the Assets pursuant to the provisions of Section 1060 of the Internal Revenue Code of 1986, as amended, as agreed by Seller and Purchaser within 30 day after Closing (the "Allocation"). The Allocation shall be conclusive and binding upon Purchaser and Seller for all purposes, and neither Purchaser nor Seller will take any position before the Internal Revenue Service or any other Governmental Body that is inconsistent with the Allocation. Seller and Purchaser each agrees to timely file Internal Revenue Service Form 8594 and any required attachments thereto, together with all federal, state, local, and foreign tax returns, in accordance with the Allocation.

ARTICLE 3

SURVEYS, TITLE COMMITMENTS, TITLE DOCUMENTS AND DUE DILIGENCE ITEMS

3.01 **Survey.** Within ten (10) days after the Effective Date, to the extent they exist, Seller shall cause to be delivered to Purchaser the Seller's most current land surveys of the Real Property owned by Seller (the "Surveys"). Purchaser may, at Purchaser's sole cost and expense, cause the Surveys to be updated and certified to Purchaser and the Title Company. If the Survey reflects any change from the legal descriptions set forth in Section 2.01(b) of the Disclosure Schedules, and the Survey is deemed by the Parties to be more accurate than the legal description, then the Survey will form the basis for the legal description of the Real Property.

3.02 **Title.** Except as otherwise provided in Section 3.06 Easements and Section 2.01(b) of the Disclosure Schedules, title will be transferred by properly executed quit claim deed(s), warranty deed(s), easement or transfer instrument(s), bills of sale, and assignments of title, free and clear of all liens and encumbrances except for restrictions of record. Seller will use the same type of deed used to originally transfer title to Seller. For example, if Seller acquired the parcel by quit claim deed, transfer will be by quit claim deed and if Seller acquired the parcel by general warranty deed, transfer will be by general warranty deed.

3.03 **Title Commitment.** Within twenty (20) days after the Effective Date, Seller, at Seller's sole cost and expense, shall furnish to Purchaser current commitments (the "Title Commitment") for the issuance of an Owner's Policy of Title Insurance, insuring that Purchaser has acquired good and marketable title to the Real Estate owned by Seller to be transferred to Purchaser through McDonald County Title Company, (Attn: Gary Wasson) (the "Title Company"), together with legible copies of all documents (the "Title Documents") constituting exceptions to Seller's title as reflected in the Title Commitment, including legible copies of the current plats, if any, filed in the map and plat records.

3.04 **Title and Survey Review.** Purchaser shall have a period of ten (10) days (the "Title and Survey Review Period") from the receipt of the Title Commitment to review the Title and Survey and to provide notice in writing to Seller as to any matters therein to which Purchaser objects (the "Objections"). If Purchaser fails to provide such notice prior to the expiration of the Title and Survey Review Period, Purchaser shall be deemed to have approved and accepted Title and Survey and all matters set forth on Schedule B of the Title Commitment shall be deemed permitted exceptions (referred to as "Permitted Exceptions"), and Purchaser shall accept title to the Real Estate subject to such Permitted Exceptions.

If Purchaser notifies Seller in writing of any Objections prior to the expiration of the Title and Survey Review Period, Seller shall then have a period of five (5) days after its receipt of such notice to (i) use its reasonable efforts to cure the Objections (provided Seller shall have no obligation to cure any of the Objections), or (ii) to notify Purchaser in writing of any Objections Seller cannot or will not cure (the "Cure Notice"). If Seller fails to deliver a Cure Notice in accordance herewith, Seller shall be deemed to accept the obligation to cure the Objections prior to Closing. Upon Purchaser's receipt of the Cure Notice, Purchaser shall have fifteen (15) days to either (i) terminate this Agreement by written notice to Seller, with neither party hereto being thereafter obligated to the other, except as to those provisions that expressly survive hereunder, or (ii) waive the Objections by written notice to Seller and proceed to Closing with all uncured Objections constituting Permitted Exceptions. Notwithstanding anything contained herein to the

contrary, Seller may not, at any time after the Effective Date, place any encumbrances and/or restrictions on the Real Property without the prior written consent of Purchaser.

3.05 **Title Policy.** On or before the Closing Date, Seller shall furnish, at Seller's cost and expense (excluding any additional premium for the survey exception deletion), with an Owner's Policy of Title Insurance (the "Title Policy") issued through the Title Company on the standard form in use in the State of Missouri from a title insurance underwriter reasonably acceptable to Purchaser, insuring marketable title to the Real Estate as described in Section 3.02 above in the Purchaser, subject only to the Permitted Exceptions.

3.06 **Easements.** Due to the number of Easements in its possession and the requirements of the Recorder of Deeds to record a transfer of such, Seller agrees to give written permission to Purchaser to use any of the Easements Seller uses for the operation or maintenance of the Assets, effective as of the Closing Date and thereafter, and a sample of such a document appears as Exhibit A, but Seller will not prepare individual documents in recordable form to transfer each of the Easements prior to the Closing. At times convenient to both parties prior to Closing and as a part of the diligence process described below, Purchaser's representatives may inspect the Easements at the offices of Seller, and make copies of them at Purchaser's expense. While Seller shall be afforded the opportunity and have the right to examine and object to the accuracy and appropriateness of the transfer documents prepared by Purchaser for signature by an officer of Seller, Seller will not be responsible for the preparation of transfer documents for the Easements and will not be responsible for recording costs or any fees or taxes that may be imposed on their transfer. Seller agrees to make a duly authorized representative of Seller available at a mutually convenient time or times for one hundred and twenty (120) days after Closing to execute appropriate documents prepared by Purchaser at Purchaser's expense to transfer Seller's interests in the Easements, but that will be the extent of Seller's responsibility for accomplishing the transfers.

3.07 **Due Diligence Items.** Without in any way limiting the scope of the due diligence review by Purchaser, Seller shall deliver to Purchaser the following as soon as reasonably practicable after the Effective Date:

(a) A Uniform Commercial Code search which reflects that any portion of the Assets which constitutes personal property or fixtures is free from any security interest other than security interests which shall be removed at or prior to Closing which the Seller undertakes to do and acceptable proof of such interests having been cleared will be delivered to the Purchaser at or prior to the Closing;

(b) A complete inventory of all tangible personal property owned or leased by Seller and used in connection with the Assets;

(c) True, correct and complete copies of all Operating Agreements.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser that the following is true, correct and complete as of the Effective Date:

4.01 **Organization and Standing of Seller.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri. Seller has full corporate power and authority to own and lease all of the properties and assets it now owns and leases and to carry on its business as now being conducted. To the Knowledge of Seller, Seller is in substantial compliance with applicable laws.

4.02 **Authority Relative to this Agreement.** Subject to the prior approval of the Commission being received before a sale can lawfully take place, Seller has full power and authority (corporate and otherwise) to execute, deliver and perform this Agreement (including execution, delivery and performance of the operative documents to which Seller is a party) and to consummate the transactions contemplated herein, subject to the conditions to Closing set forth in this Agreement. The execution and delivery by Seller of this Agreement and the operative documents, and the consummation of the transactions will not violate Seller's organization documents or to the Knowledge of Seller other obligations, have been or will be duly and validly authorized by the Board of Directors of Seller and the shareholders of Seller in accordance with applicable law, and no other corporate proceedings on the part of Seller are necessary with respect thereto and no additional consents or approvals other than those provided for herein are to the Knowledge of Seller required. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles (regardless of whether enforcement is considered in a proceeding at law or in equity). Seller will take, and cause to be taken, all corporate action that is necessary for Seller to complete the transactions to be completed by Seller pursuant to this Agreement.

4.03 **Litigation Matters.** Except as set forth on Section 4.03 of the Disclosure Schedules there is no material action, claim, demand, special assessment, suit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry, or investigation of any nature, civil, criminal, regulatory, or otherwise, in law or in equity, pending or, to the Knowledge of Seller, threatened against the Seller or against or relating to the transactions contemplated by this Agreement, or the Real Property.

4.04 **Financial Statements.** The financial statements Seller provided to the Commission that formed the basis of the Commission's rate case in 2009 and the Annual Reports filed by Seller with the Commission for the years 2008 and 2009 were compiled in good faith and prepared in accordance with the requirements of the Commission and, to the Knowledge of Seller, properly and accurately reflect the assets, liabilities, revenues earned and costs incurred in the operation of the Seller with respect to the periods covered by such financial statements.

4.05 **All Assets and Real Property.** The Assets and Real Property, when considered together, include substantially all the assets, rights, Real Property, Easements and contracts used in the conduct of the business of the Seller in the manner it was conducted in the sixty (60) day period prior to the Effective Date (normal wear and tear and replacements in the normal course of business excepted). Service to all of Seller's customers is being provided in substantially the same manner and at service levels equivalent to that provided by the Seller in the sixty (60) day period prior to the Effective Date. The Seller owns no stock, membership

interests, partnership interests or other ownership interests in or to any Affiliate of Seller that owns or operates any of the Assets with the exception that certain stockholders of Seller own and lease to Seller the building located at 110 Foster Avenue which is used as the office of Seller, and a storage facility located at 102 Railroad Avenue, all as previously disclosed to Purchaser.

4.06 Environmental Matters.

(a) Except as specifically disclosed to Purchaser by Seller in Section 4.06 of the Disclosure Schedules, no citations, fines, or penalties have been asserted against the Seller under any Environmental Law or by the regulatory authority or jurisdiction in which the Seller operates.

(b) Other than as set out in Section 4.06 of the Disclosure Schedules, Seller has not received notice (verbal or written) of nor is it aware of any person making allegations that all or any part of the Assets are in violation of any applicable Environmental Law relating to any of its properties and assets, including the Real Property, or the use or ownership thereof, or to the operation of the business of the Seller.

4.07 Disclaimer. EXCEPT FOR THE REPRESENTATIONS OF SELLER SET FORTH HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF ANY MATERIALS, DATA OR INFORMATION DELIVERED BY SELLER TO PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY. EXCEPT FOR THE REPRESENTATIONS OF SELLER SET FORTH HEREIN, PURCHASER ACKNOWLEDGES AND AGREES THAT ALL MATERIALS, DATA AND INFORMATION DELIVERED BY SELLER TO PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY ARE PROVIDED TO PURCHASER AS A CONVENIENCE ONLY AND THAT ANY RELIANCE ON OR USE OF SUCH MATERIALS, DATA OR INFORMATION BY PURCHASER SHALL BE AT THE SOLE RISK OF PURCHASER. EXCEPT FOR THE REPRESENTATIONS OF SELLER SET FORTH HEREIN, ALL OF THE PERSONAL PROPERTY INCLUDED IN THE PURCHASED ASSETS IS PURCHASED "AS IS" AND NO WARRANTIES ARE MADE TO PURCHASER, EXPRESS OR IMPLIED, AS TO THE CONDITION OR FITNESS OF SAID PROPERTY. FROM THE EFFECTIVE DATE UNTIL THE CLOSING DATE, THE PERSONAL PROPERTY SHALL BE USED BY SELLER ONLY IN THE ORDINARY COURSE OF ITS BUSINESS.

**ARTICLE 5
PURCHASER'S REPRESENTATIONS AND WARRANTIES**

Purchaser represents and warrants to Seller that the following is true, correct and complete as of the date of this Agreement and will be true, correct and complete through and as of the Closing:

5.01 Organization and Standing of Purchaser. The Purchaser is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of Missouri, with corporate power and authority to own property and carry on its business as it is now being conducted and to carry on the business of a water corporation and public utility as contemplated by this Agreement.

5.02 Authority Relative to this Agreement. The Purchaser has full power and authority (corporate and otherwise) to execute, deliver and perform this Agreement (including execution, delivery and performance of the operative documents) and to consummate the Transactions contemplated herein, subject to the conditions to Closing set forth in this Agreement. The execution and delivery by the Purchaser of this Agreement and the operative documents, and the consummation of the transactions, will not violate Purchaser's organization documents or, to the Knowledge of Purchaser, other obligations, and have been or will be duly and validly authorized by Purchaser in accordance with Applicable Law, and no other proceedings on the part of such Purchaser are necessary with respect thereto and no additional consents or approvals other than those provided for herein are to the Knowledge of Purchaser required. This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of such Purchaser enforceable against such Purchaser in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles (regardless of whether enforcement is considered in a proceeding at law or in equity). The Purchaser will take, and cause to be taken, all action that is necessary for such Purchaser to complete the Transaction(s) to be completed by it pursuant to this Agreement.

5.03 Purchaser's Financial Condition. As of the Closing Date, Purchaser shall have available sufficient funds with which to pay the Purchase Price and the other costs relating to the transaction, and the financing of such amount is not a condition precedent to Purchaser's obligations hereunder. To Purchaser's Knowledge, there is no contingency, event or expectation specifically relating to Purchaser that would cause Purchaser to be financially unable to complete the purchase on the Closing Date.

ARTICLE 6 COVENANTS

6.01 Pre-Closing Covenants of Seller. Seller covenants with Purchaser that from and after the Effective Date until the Closing Date, Seller will:

(a) **Business Operations.** Operate the Assets and conduct its activities in substantial compliance with all applicable laws, and in the normal course of business and not introduce any material new method of management, operation, or accounting.

(b) **Maintenance of Assets and Properties.** Maintain all Assets in a similar or better operating condition and repair as at the Effective Date, except for ordinary depreciation, wear, and tear. Except for emergency repairs, Seller will not make any capital expenditures individually in excess of Ten Thousand Dollars (\$10,000.00) without the consent of Purchaser, which consent Purchaser will not unreasonably withhold or delay.

(c) **Absence of Liens.** Not sell, pledge, lease, mortgage, encumber, dispose of, or agree to do any of these acts regarding any of the Assets, other than sales or dispositions in the normal course of business.

(d) **Maintain Insurance.** Keep in force all existing policies of insurance, or comparable replacement policies of insurance, covering the Assets. It is agreed that Seller shall

be entitled to cancel all such insurance on the first business day following Closing and shall be entitled to all premium refunds attributable to such.

(e) Performance of Obligations. Perform all of Seller's obligations and not make any material amendment to such obligations under all agreements relating to or affecting the Assets.

(f) Notification of Litigation. Promptly notify Purchaser in writing of any outstanding or threatened claims, legal, administrative, or other Proceeding, or Orders against or involving Seller that could adversely affect the Transactions contemplated by this Agreement.

(g) Cooperate in Publicity. Coordinate any prepared publicity regarding the Transactions with Purchaser and discuss in advance, if practical, Seller's response to any publicity regarding the Transaction that was not initiated by Seller. In this regard, it is agreed that the announcement to the general public of the consummation of the Transactions contemplated by this Agreement will be made in conjunction with Closing at an informal meeting of Seller's officers and employees and Purchaser's representatives.

(h) Operating Agreements. Not modify, amend, cancel, or terminate any of the Operating Agreements except as may be necessary in the ordinary course of business to continue the provision of safe and adequate service (provided that Seller shall not be obligated to renew any Operating Agreements that expire in accordance with their terms).

(i) Preservation of Business. Use Reasonable Efforts to preserve the Assets intact, to keep available to Purchaser the services of the present employees of Seller, and to preserve for Purchaser the goodwill of the suppliers, customers and others having business relations with Seller.

6.02 **Commission Approval.**

(a) The Parties will cooperate in preparing and filing an application to the Commission as they deem necessary or appropriate, designed to obtain Commission approval of the transactions contemplated by this Agreement (the "Commission Approval") and will use Reasonable Efforts to secure Commission Approval as soon as practicable after the Effective Date. The Parties intend to utilize the same counsel for the preparation and processing of the application for Commission Approval, but will each bear their own Transaction Expenses for all matters up to the Effective Date and all matters related to the Closing unless specifically provided otherwise by this Agreement. The Parties will also each bear their own Transaction Expenses for any unique matters not equally affecting the Parties during the Commission Approval process even though they may continue to share the same counsel. Neither party will take any action designed to unreasonably delay the final resolution of the case by the Commission; however, either party may make objections to discovery based on recognized bases.

(b) As part of the Commission Approval process, Seller anticipates that it will be required to provide written notice of the Commission Approval case to its customers. Seller intends to cooperate with regulatory officials with the intention of minimizing the expenses involved in proving such notice and shall make preparations to include such a notice during its normal billing process.

6.03 **Employees.** The Seller has no collective bargaining agreement with its employees and, to Seller's Knowledge, none of its employees are members of any labor organization. Seller

does not have any employment agreements with its employees. Without disrupting its ongoing business, and in coordination with Purchaser, at Closing, Seller will terminate all of its employees (the “Employees”), and Purchaser will, subject to its normal hiring procedures and requirements, make offers of employment, effective as of the Closing Date, to the Employees at no less than the same or substantially similar compensation packages or arrangements they have with Seller. Seller and Purchaser hereby agree to cooperate with each other so that the transition of Employees from employment by Seller to Purchaser results in minimal interruption to the Seller, Seller’s customers and operations, and minimal negative impact on the Employees. From and after the Closing, Employees, upon start of employment with Purchaser, will be eligible to participate in the Purchaser’s normal welfare and benefit plans. Nothing in this Agreement is intended to create and does not create any contractual or legal rights in or enforceable by any Employee, nor shall this Agreement be construed as (i) offering or creating an employment contract or guarantee of employment for any specified period of time for any Employee or (ii) any other obligation to employ any Employee.

6.04 Investigation of Assets and Properties. Seller agrees to allow and cooperate with Purchaser to make or cause to be made such investigation of the Assets as appropriate or advisable to familiarize itself therewith. Seller agrees to furnish Purchaser and Purchaser’s employees, officers, agents, investment bankers, accountants, counsel and other representatives with all non-privileged business records, financial records, operating information, and other data and information concerning the Assets and commitments of Seller with respect to the Assets as Purchaser shall from time to time reasonably request. Seller will afford Purchaser and Purchaser’s employees, officers, accountants, attorneys, agents, investment bankers and other authorized representatives access to review such documents and such books and records regarding the Assets during normal business hours. Purchaser will be given opportunity to ask questions of, and receive answers from, representatives of Seller with respect to such matters.

6.05 Additional Agreements; No Solicitation. Seller covenants and agrees that, until the sooner of the Closing or the termination of this Agreement, Seller will deal exclusively with the Purchaser with respect to the sale of the Assets, and Seller will neither authorize nor encourage any of its respective Affiliates, agents or representatives (including investment bankers, attorneys and accountants) to, directly or indirectly (a) solicit, initiate, review, accept, engage in discussions or encourage submission of proposals or offers by, or (b) furnish any information with respect to, or otherwise cooperate in any way with, or participate in any discussions or negotiations with, any Person (other than Purchaser and their agents) with respect to any competing proposal regarding the acquisition or purchase of all or a material portion of the Assets.

6.06 Further Assurances. Subject to the terms and conditions herein provided, each of the Parties hereto agrees to use Reasonable Efforts to do all things necessary, proper or advisable under Applicable Laws and regulations to consummate and make effective the Transactions contemplated by this Agreement, including the obtaining of all Consents and Orders by any Governmental Body or other Person required in connection therewith and initiating or defending any legal action that is necessary or appropriate to permit the Transactions to be consummated. At any time after the Closing Date, if any further action is necessary, proper or advisable to carry out the purposes of this Agreement, then, as soon as is reasonably practicable, each party to this Agreement shall take, or cause its proper officers to take, such

action. Each party hereto further agrees to cooperate fully with the other party after the consummation of the Transactions for the purpose of providing Purchaser with the information and access to information necessary to ensure Purchaser has reasonable ability to successfully transition into ownership of the Assets. No party to this Agreement shall take or cause to be taken any action that would cause the representations or warranties expressed herein to be untrue or incorrect on the Closing Date.

6.07 Agreement Regarding Brokers. Each party represents that if it has engaged the services of a broker or financial advisor in this transaction, it is solely responsible for the compensation of such and agrees to pay or use reasonable efforts to settle claims with any broker or financial advisor that it has contracted to represent its respective interest.

6.08 Notice. Seller shall promptly give notice to Purchaser upon becoming aware of the occurrence or failure to occur, or of any event that would cause or constitute, any of its representations or warranties being or becoming untrue or any of its covenants being breached or a materially adverse event likely to affect the Assets.

6.09 Payment of Liabilities. Following the Closing, Seller shall use Reasonable Efforts to promptly pay or otherwise satisfy all valid claims, Liabilities and obligations relating to the Assets or the Seller incurred prior to or arising out of events preceding the Closing Date other than those Liabilities attributable to Purchaser in the calculation of amounts pursuant to Section 2.05 hereof. Seller agrees to indemnify and hold Purchaser harmless of and from any and all claims, Liabilities, and obligations relating to the Assets based on events preceding the date of Closing. Similarly, Purchaser agrees to indemnify and hold Seller harmless of and from any and all claims, Liabilities, and obligations relating to the Assets based on events occurring on and subsequent to the date of Closing.

ARTICLE 7 CONDITIONS TO PURCHASER'S OBLIGATION TO CLOSE

The obligation of Purchaser to Close under this Agreement is subject to each of the following conditions (any one of which may, at the option of Purchaser, be waived by Purchaser) being satisfied on the Closing Date, or such earlier date as the context may require.

7.01 Representations and Warranties. Each of the representations and warranties of Seller in this Agreement, the disclosures contained in the exhibits to this Agreement, and all other information delivered under this Agreement shall be true in all material respects at and as of the Closing Date as though each representation, warranty, and disclosure were made and delivered at and as of the Closing Date.

7.02 Compliance With Conditions. Seller is in compliance with or has performed all agreements, covenants, and conditions in this Agreement that are required to be performed and complied with by Seller before or coincident with the Closing.

7.03 No Proceedings or Violations. No Proceeding, legal or administrative, by the Commission, or any Governmental Body or Person relating to any of the Transactions contemplated by this Agreement shall be threatened or commenced and no violation of Applicable Law shall have occurred with respect to the Assets, the Seller or the Purchaser that, in

the discretion of Purchaser and Purchaser's counsel, both acting reasonably, would prohibit or materially impair Purchaser from Closing this Transaction.

7.04 **Change of Commitment.** There shall be no change in the matters reflected in the Title Commitment, and there shall not exist any encumbrance or title defect affecting the Real Estate not described in the Title Commitment except for the Permitted Exceptions.

7.05 **Receipt of all Approvals.** Purchaser shall have received in a form acceptable to Purchaser in its sole discretion all approvals necessary, including Commission Approval, or desirable to effect the complete transfer of the Assets.

ARTICLE 8 CONDITIONS TO SELLER'S OBLIGATION TO CLOSE

The obligation of Seller to Close under this Agreement is subject to each of the following conditions (any one of which, at the option of Seller, may be waived in writing by Seller) being satisfied on the Closing Date.

8.01 **Corporate Action.** All corporate and stockholder action necessary to consummate the transactions contemplated in this Agreement shall be properly taken by Purchaser.

8.02 **Compliance With Conditions.** Purchaser is in compliance with and has performed all agreements, covenants, and conditions in this Agreement that are required to be performed and complied with by Purchaser before or coincident with the Closing.

8.03 **No Proceedings or Violations.** No Proceeding, legal or administrative, by the Commission, or any Governmental Body or Person relating to any of the Transactions contemplated by this Agreement shall be threatened or commended and no violation of Applicable Law shall have occurred with respect to the Assets, the Seller or the Purchaser that, in the discretion of Seller and its counsel, both acting reasonably, would prohibit or materially impair Seller from Closing the Transactions.

ARTICLE 9 PARTIES' OBLIGATIONS AT THE CLOSING

9.01 **Seller's Obligations at the Closing.** At the Closing, Seller shall execute, if appropriate, and shall deliver to Purchaser:

- (a) The document set forth on Exhibit A regarding permission to use the Easements.
- (b) A Bill of Sale and Assignment in the form set forth on Exhibit B (the "Bill of Sale");
- (c) An Assignment and Assumption Agreement in the form set forth on Exhibit C (the "Assignment and Assumption Agreement");
- (d) The Title Policy in the form specified in Section 3.05 hereof;
- (e) A certification signed by Seller containing the following: (i) Seller's U.S. Taxpayer Identification Number; (ii) the address of Seller; and (iii) a statement that Seller is not a foreign person within the meaning of Sections 1445 and 7701 of the IRC (i.e., Seller is not a

nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and applicable regulations);

(f) All of Seller's Records in the possession of Seller necessary to operate and to use all Assets being sold to Purchaser in this Agreement;

(g) A certificate or certificates executed by an officer of Seller that evidences Seller's authorization to consummate the transactions contemplated hereby and indicates that the representations and warranties of Seller are true, correct and complete as of the date of Closing;

(h) Such other documents as are reasonably required to consummate the transactions contemplated hereby.

9.02 Purchaser's Obligations at Closing. At the Closing, Purchaser shall: (i) arrange for the Purchase Price to be delivered to the Seller or an escrow account designated by Seller, in immediately available funds with no restrictions on payment over to Seller; and (ii) execute and/or deliver, as appropriate, to Seller against delivery of the items specified in Section 9.01, above:

(a) the Bill of Sale;

(b) the Assignment and Assumption Agreement;

(c) A certificate executed by a person authorized by Purchaser that evidences the Purchaser's authorization to consummate the transactions contemplated hereby and indicates that the representations and warranties of Purchaser are true, correct and complete as of the date of Closing;

(d) Such other documents as are reasonably required to consummate the transactions contemplated hereby.

9.03 Transaction Expenses. Seller shall be responsible for the payment of all items herein agreed to be paid by Seller, including the payment of (i) the title insurance premiums with regard to the Title Policy, and (ii) fifty percent (50%) of all Closing fees assessed by the Title Company and escrow fees, if any. Purchaser shall be responsible for the payment of all items herein agreed to be paid by Purchaser, including the payment of (i) all costs and expenses related to Purchaser's due diligence, inspections and investigations pursuant hereto, (ii) all recording fees, and (iii) fifty percent (50%) of all Closing fees assessed by the Title Company and escrow fees, if any. Each party shall pay its own Transaction Expenses.

ARTICLE 10 GENERAL PROVISIONS

10.01 Survival of Representations, Warranties, and Covenants. The representations, warranties, covenants, and agreements of the Parties contained in this Agreement or contained in any writing delivered pursuant to this Agreement shall survive the Closing for a period of twelve (12) months.

10.02 Notices. All notices, demands, or other communications of any type (herein collectively referred to as "Notices") given by the Seller to the Purchaser or by the Purchaser to the Seller, whether required by this Agreement or in any way related to the transaction contracted

for herein, shall be void and of no effect unless given in accordance with the provisions of this Section 10.02. All Notices shall be in writing and delivered to the person to whom the notice is directed, either (a) by telephonic facsimile communication, (b) by United States Mail, as a registered or certified item, return receipt requested or (c) nationally recognized overnight couriers. Any notice delivered by telephonic facsimile communication shall be deemed effective after being transmitted to the applicable telephone facsimile numbers set forth below. Notices delivered by overnight courier shall be effective upon receipt. Notices delivered by registered or certified mail shall be deemed effective two (2) days after being deposited in a post office or other depository under the care or custody of the United States Postal Service, enclosed in a wrapper with proper postage affixed, with return receipt requested, or on the date of refusal to accept delivery of the notice, and addressed as follows:

If to Seller: Noel Water Co., Inc.
Attn: Mr. Dan Harmon, President
110 Foster Street
Noel, Missouri 64854
Telephone: (417) 475-3191
No facsimile

With copy to: Abe R. Paul, Esq.
Paul Law Firm
116 West Main Street
Neosho, Missouri 64850
Telephone: (417) 451-1600
Facsimile: (417) 223-4355

And

Gary W. Duffy, Esq.
4529 Ironwood Lane
Terre Haute, IN 47802-8252
Telephone (812) 299-5915
No facsimile: Instead use Duffy@Brydonlaw.com

And

Ann Harmon
#1 Cedar Road
Noel, Missouri 64854
Telephone 417-475-3191 NWC Office
Home 417-475-3834
Mobile 479-200-9621

If to Purchaser: c/o Algonquin Water Resources of Missouri LLC dba Liberty Water
Attn: Ian Robertson
2845 Bristol Circle
Oakville, Ontario L6H 7H7
Telephone: (905) 465 4500
Facsimile: (905) 465 4540

Either party hereto may change the address for notice specified above by giving the other party five (5) days advance written notice of such change of address.

10.03 Assignment of Agreement. This Agreement shall be binding on and inure to the benefit of the Parties to this Agreement and their respective successors. This Agreement shall not be assignable.

10.04 Governing Law. This Agreement shall be construed and governed by the laws of the State of Missouri.

10.05 Amendments; Waiver. This Agreement may be amended only in writing by the mutual consent of all of the parties. No waiver of any provision of this Agreement shall arise from any action or inaction of any party, except an instrument in writing expressly waiving the provision executed by the party entitled to the benefit of the provision.

10.06 Entire Agreement. This Agreement, together with any documents and exhibits given or delivered pursuant to this Agreement, constitutes the entire agreement between the parties to this Agreement. No party shall be bound by any communications between them on the subject matter of this Agreement unless the communication is (a) in writing, (b) bears a date contemporaneous with or subsequent to the Effective Date of this Agreement, and (c) is agreed to by all parties to this Agreement.

10.07 Sales and Transfer Taxes. Purchaser shall be responsible for and pay all sales, transfer, deed, duties, stamp and other similar taxes and transfer and recording fees applicable to the Transactions contemplated by this Agreement.

10.08 [Intentionally omitted.]

10.09 Risk of Loss. Risk of all loss, destruction, or damage to the Assets, or any portion thereof, from any and all causes whatsoever until the Closing shall be borne by Seller. In the event that any portion of the Assets are damaged by fire or other casualty such that Seller would cease to provide service to more than twenty percent (20%) of its existing customers, Seller shall give immediate notice thereof to Purchaser. In such event, Purchaser, at its option, may either (i) terminate this Agreement by written notice to Seller within ten (10) days after Purchaser has received the notice referred to above or at the Closing, whichever occurs first; or (ii) proceed to complete Closing as provided herein. If Purchaser does not elect to terminate this Agreement and proceeds to close hereunder, Purchaser may settle any loss with insurance carriers and receive from the carriers the proceeds of all insurance applicable to the loss, or, in the alternative, Purchaser may deduct the amount of the insured loss from the Purchase Price in which case the Seller will retain the insurance proceeds. Seller will execute and deliver any and

all documents and take action as may be necessary or appropriate to comply with the terms of this Section.

10.10 Condemnation. If, prior to the Closing Date, any part of the Assets are taken by eminent domain or if any proceeding in the nature of eminent domain is filed against or affecting the Purchased Assets such that service to more than twenty percent (20%) of the customers served by Seller will be adversely affected by the taking, Purchaser may, by notice to Seller, either (a) enforce this Agreement without abatement of the Purchase Price, in which event Purchaser will become entitled to the award of compensation in any such taking, and Seller will, on the Closing Date, credit such award to Purchaser if already paid or thereafter deliver or cause to be delivered all instruments reasonably required to assign the award to Purchaser, or (b) terminate this Agreement.

10.11 Termination. This Agreement may be terminated:

(a) By notice given prior to or at the Closing, by Purchaser if any of the conditions in Article 7 have not been satisfied as of the Outside Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Purchaser to comply with its obligations under this Agreement) and Purchaser has not waived such condition on or before the Outside Date;

(b) By notice given prior to or at the Closing, by Seller, if any of the conditions in Article 8 have not been satisfied as of the Outside Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Seller to comply with Seller's obligations under this Agreement) and Seller has not waived such condition on or before the Outside Date;

(c) By mutual consent of Purchaser and Seller;

(d) By Purchaser if a material breach of any provision of this Agreement has been committed by Seller and such breach has not been waived or cured within twenty (20) days after written notice of such breach has been provided to Seller by Purchaser or to Purchaser by Seller; and

(e) By Seller, if all of the conditions in Article 7 have been satisfied and all of the conditions in Article 8 have been satisfied (or waived) and Purchaser fails to close the transaction contemplated herein or if a material breach of any provision of this Agreement has been committed by Purchaser, and such breach has not been waived or cured within twenty (20) days after written notice of such breach has been provided to Purchaser by Seller.

(f) Under Section 10.09 or 10.10 above.

Each party's right of termination under this Section 10.11 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 10.11(a) or Section 10.11(b), all further obligations of the parties under this Agreement will terminate. If this Agreement is terminated by a party because of the breach of the Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

10.12 **Remedies.** In the event that either party fails to timely comply with the conditions, covenants and obligations hereunder, such failure shall be an event of default and the other party shall have the option (i) to terminate this Agreement by providing written notice thereof and the parties hereto shall have no further liabilities or obligations one unto the other; (ii) to waive any defect or requirement and close this Agreement; or (iii) to sue for specific performance or for actual damages; except, if a party violates its obligations pursuant to this Agreement and the Closing does not occur as a result thereof, the other party's right to obtain any damages hereunder shall be limited to the recovery of the party's out-of-pocket expenses, and in no event shall the party have the right to sue for any other damages, including consequential damages, lost profits or punitive damages.

ARTICLE 11 POST CLOSING OBLIGATIONS

11.01 **Permit Transfers.** To the extent any Permits are non-transferable to Purchaser or can not be transferred in a timely manner prior to Closing, Seller shall, at the option of Purchaser, either (i) request cancellation of such Permit or (ii) continue to hold such Permit in trust, to the extent permitted by law, on behalf of Purchaser, subject to the indemnification of Seller by Purchaser in respect thereof and Purchaser and Seller agree to cooperate and use reasonable efforts to promptly effect the transfer of such Permits to the Purchaser or the issuance of a new Permit to Purchaser, as the case may be.

11.02 **INDEMNIFICATION.** EACH PARTY SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE OTHER AND ITS REPRESENTATIVE OFFICERS, DIRECTORS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL COSTS, EXPENSES, LOSSES, DAMAGES, FINES, PENALTIES OR LIABILITIES (INCLUDING WITHOUT LIMITATION INTEREST THAT MAY BE IMPOSED IN RESPECT THEREOF, COURT COSTS, REASONABLE ATTORNEYS' FEES AND ACCOUNTING FEES) ACTUALLY INCURRED OR ARISING OUT OF, IN RESPECT TO, IN CONNECTION WITH, OR ARISING FROM (I) ANY BREACH OF ANY REPRESENTATION OR WARRANTY IN THIS AGREEMENT; OR (II) A BREACH OF ANY COVENANT, RESTRICTION OR AGREEMENT IN THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY CONTAINED HEREIN, IT IS UNDERSTOOD AND AGREED THAT THE REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN SHALL SURVIVE THE CLOSING OF THIS AGREEMENT ONLY FOR A PERIOD OF ONE (1) YEAR FOLLOWING THE DATE OF CLOSING, BUT NOT THEREAFTER, AND NEITHER PARTY WILL HAVE ANY LIABILITY OF ANY KIND WHATSOEVER FOR ANY BREACH THEREOF EXCEPT TO THE EXTENT A CLAIM IS ASSERTED WITHIN SUCH ONE (1) YEAR PERIOD.

11.03 **Record Retention By Purchaser.** For a period of ten (10) years after the Closing Date (or until the closing of the examination of Seller's federal income tax returns for all periods prior to and including the Closing Date, if later) Buyer shall not dispose of any books, records, documents, or information relating to Seller's business prior to the Closing Date without first giving notice to Seller's representatives identified in Section 10.02 Notices and permitting Seller to retain or copy such books and records as it may select. During such period, Buyer shall also permit representatives of Seller to examine and make copies, at Seller's expense, of such books,

records, documents or information for any reasonable purpose, including but not limited to litigation or the preparation of tax documents.

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SELLER:

PURCHASER:

NOEL WATER CO., INC.

**ALGONQUIN WATER RESOURCES OF
MISSOURI, LLC. dba LIBERTY WATER**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

DISCLOSURE SCHEDULES

Section 2.01(a) Distribution System

See attached list from Continuing Property Register

Section 2.01(b) Real Estate and improvements thereon

Noel Improvement Well Lot, Blk 2, 205 ft S&W SE Corner Sec. 15, then N 90ft S, then N & W 90ft. then S 125 ft, then E to POB. (Well No. 1)

Lots 32 & 33, Blk 1, Kistler & Davis Subdivision (McMillan Booster Station)

Lot 11, Block 2, Harmony Subdivision (Well No. 2 – not in service)

Lots 3 & 4, Blk 2, Marshall Addition (Well No. 3, Dixon Booster & West Reservoir) Note: The City of Noel already has its own property, all of which is involved with a communications tower, already located on this property where Well No. 3 is located, pursuant to the terms of the 1985 and 2010 Franchise Ordinances.

Lot 39, Harmon & St. Clair Subdivision (Well No. 5)

Lot 107, Harmon and St. Clair Hill Subdivision (Well No. 6 – not in service)

Lot 22, McMillen Heights Subdivision (East Reservoir)

Lots 8, 9 and 10, Harmon & St. Clair Subdivision (Pipe Lot)

Beginning at a point on the South Line of the SW 1/4, SE 1/4 of Sec. 10, T21 North, Range 33 West, said Point Lying 210 feet West of the SE Corner of SW 1/4, SE 1/4; thence West 57.96 Ft; thence North 250 ft; thence East 57.96 Ft; thence South 250 Ft. to the Point of Beginning (Well No. 7)

All that Part of the SE 1/4, NE 1/4 Lying North & East of Highway DD, and all of that part of the Northwest Corner of the SE 1/4, NW 1/4, that lies North and West of Harmon & St. Clair Sub-Division (Well No. 4, N. Noel Booster & North Reservoir)

Easements, as provided in Section 3.06.

Section 2.01(c) Personal Property and Fixed Assets

1. 2005 Chevy pickup, red, 3 Ton, 6 cyl -- Title #57AB485 – VIN: 1GCEC14X25Z113154
2. Two desks and several chairs presently in Noel Water Co. office at 110 Foster Street, Noel, Missouri, and other items in the office building not listed as Excluded Assets
3. Miscellaneous spare parts located in the warehouse building at 102 Railroad Avenue, Noel, Missouri that may or may not be reflected in the Continuing Property Register
4. See attached list from Continuing Property Register

Section 2.01(d) Operating Agreements

1. Service agreement for copy machine/digital imager purchased by Seller. Contact: Glen Vansandt, Ozark Business Systems, 122 East Spring, Neosho, MO 64850. 1-800-524-0352
2. Utility services (electric with Empire District Electric Co., natural gas with MGE, water with Noel Water Co., sewer service with City of Noel, telephone and DSL line (wireless) with Ozark Telephone Company) serving the Noel Water Co. office building and other Noel Water Co. properties
3. Franchise ordinance with City of Noel – Ordinance No. 09-200
4. Line extension agreements with Jack Houpe and Dick Bright
5. Gasoline supplier: Rio Alce. Notify supplier of change of ownership; no proration should be necessary.
6. Utility locating service. Missouri One Call. Purchaser will need to notify One Call of change of ownership and there may have to be a proration of the monthly bill for this service
7. Water service to Noel Water Co. buildings. All water meter accounts in name of Noel Water Co. will have to be changed to reflect ownership change to Purchaser
8. Chlorine supplier - DPC Enterprises. Chlorine supply is paid every other month at approximately \$700. Will have to be prorated.
9. Chlorine testing -- Hack Company. Chlorine testing done annually. Cost will have to be prorated as of Closing.
10. Bulk mailing permit from U.S. Postal Service. USPS advises that the Seller's permit is not transferrable. Purchaser will have to make separate arrangements.
11. Collection of state sales tax -- Mo. Dept of Revenue. Purchaser will be responsible for continued collecting and transmitting of sales tax revenues after Closing.
12. Water meter service charges -- Mo. Dept of Natural Resources. Seller collects a DNR fee as part of meter service charges. Purchaser will be responsible for continued collecting and transmitting of these fee revenues.
13. Lease of office building at 110 Foster Street, Noel, Missouri
14. Lease of warehouse building at 102 Railroad Avenue, Noel, Missouri

Section 2.02(c) Customer Deposits

See attached listing of customer deposits

Section 2.03(i) Excluded Items of Personal Property

1. 2005 Dodge pickup, red -- Title #PK095599 – VIN: 1D7HA16K65J579212 (Dan Harmon personal vehicle)
2. old safe in Noel Water Co. office building
3. antique spool cabinet in Noel Water Co. office building (presently contains ledgers)
4. two (2) antique flat document cabinets in Noel Water Co. office building (presently hold maps)
5. three (3) antique oak tables presently in Noel Water Co. office
6. two (2) old oak desks

Section 4.03 Litigation Matters

On November 19, 2010, the Staff of the Missouri Public Service Commission filed a complaint against Seller and Dan Harmon, President, related to an outage for certain customers of the Seller that occurred beginning on November 12, 2010 and ending on November 16, 2010. Mo PSC Case No. WC-2011-0144. The complaint alleges that the company could have restored service more quickly, and that the company failed to timely notify the Noel Fire Department and its customers of the outage, placing its customers and the public at risk. Seller has answered the complaint, denied the allegations, and intends to vigorously defend itself. A mediation session was held on February 22, 2011 and the parties continue to exchange information.

Section 4.06 Environmental Matters

None

EXHIBIT A - FORM OF CONSENT TO USE EASEMENTS

Comes now Noel Water Co., Inc., a Missouri corporation, and hereby grants to Algonquin Water Resources of Missouri, LLC, a Missouri limited liability company, doing business as Liberty Water, permission to utilize any easements for water service purposes heretofore granted to Noel Water Co., Inc., or its predecessors in interest, in the same manner as Noel Water Co., Inc. might make use of said easements itself. This permission shall not be effective until the contract for the sale of substantially all of the assets of Noel Water Co., Inc. to Algonquin Water Resources of Missouri, LLC, a Missouri limited liability company, doing business as Liberty Water, Missouri, dated _____, is closed. Once effective, this grant of permission is not revocable except upon a breach of said asset sale agreement.

NOEL WATER CO., INC.

By: _____

Name: _____

Title: _____

Exhibit B - sample form of bill of sale

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that Noel Water Co., Inc., a corporation, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration to it paid by Algonquin Water Resources of Missouri, LLC, a Missouri limited liability company, doing business as Liberty Water, the receipt of which is hereby acknowledged, does hereby **BARGAIN, SELL AND DELIVER** to the said Algonquin Water Resources of Missouri, LLC, a Missouri limited liability company, doing business as Liberty Water, its successors and assigns, all of the items more particularly described on the attached Exhibit A, made a part hereof for all purposes.

Noel Water Co., Inc., a corporation, hereby covenants that it is the lawful owner of the said goods, chattels and personal property; that they are free from all encumbrances; that it has the right to sell the same; and that it will warrant and defend the same against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, Noel Water Co., Inc. has caused this Bill of Sale to be executed this _____ day of _____, 201_.

NOEL WATER CO., INC. Corporate Seal

By: _____
Dan M. Harmon, Its President

ATTEST: _____
Secretary

STATE OF MISSOURI)
) ss
COUNTY OF McDONALD)

On this _____ day of _____, 201_, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is _____ of Noel Water Co., Inc., that the seal affixed to this instrument is the corporate seal of said corporation, and that the said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors.

And the aforesaid acknowledges said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in _____ the day and year first above written.

Notary Public

My Commission expires:

EXHIBIT C
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") is made and entered into as of [date], by and between Noel Water Co., Inc., a corporation, ("Assignor"), and Algonquin Water Resources of Missouri, LLC, a Missouri limited liability company, doing business as Liberty Water ("Assignee").

WHEREAS, Assignor and Assignee have each entered into that certain Asset Purchase Agreement dated as of [date] (the "Agreement"), pursuant to which Assignee has purchased Assets from Assignor; and

WHEREAS, pursuant to the Agreement, Assignor has agreed to assign certain rights and agreements to Assignee, and Assignee has agreed to assume certain obligations of Assignor, as set forth herein;

NOW, THEREFORE, for and in consideration of the transactions contemplated by the Agreement, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. Capitalized Terms. Capitalized terms used but not defined herein shall have the meaning given to such terms in the Agreement.

2. Assignment and Assumption. Effective as of 11:59 p.m. (Central Time) on the Closing Date (the "Effective Time"), Assignor hereby assigns, sells, transfers and sets over (collectively, the "Assignment") to Assignee all of Assignor's right, title, benefit, privileges and interest in and to the Assets to be transferred under Section 2.01 of the Agreement (the "Assigned Assets"), and all of the liabilities assumed by Purchaser under Section 2.02 of the Agreement (the "Assumed Liabilities"). Assignee hereby accepts the Assignment and assumes and agrees to observe and perform all of the Assumed Liabilities. Assignee assumes no liabilities other than the Assumed Liabilities, and the Parties agree that all such liabilities shall remain the sole responsibility of Assignor.

3. Terms of the Agreement. Assignor acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Agreement and the terms hereof, the terms of the Agreement shall govern.

4. Further Actions. Each of the Parties covenants and agrees to, at its own expense, execute and deliver, at the request of the other Party, such further instruments of transfer and assignment and to take such other action as such other Party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Assignment and Assumption Agreement.

5. Counterparts. This Assignment and Assumption Agreement may be executed in counterparts (including by means of facsimile), each of which will be deemed an original, but all of which together will constitute but one and the same instrument.

6. Governing Law. The validity, interpretation and performance of this Assignment and Assumption Agreement will be determined in accordance with the laws of the State of Missouri applicable to contracts made and to be performed wholly within that state.

IN WITNESS WHEREOF, the Parties have executed this Assignment and Assumption Agreement as of the date first above written.

NOEL WATER CO., INC

By: _____

Name:

Title:

LIBERTY WATER

By: _____

Name:

Title: