SHARE PURCHASE AGREEMENT

Dated as of July 20, 2012

by and between

LIBERTY UTILITIES INC.

and

UNITED WATERWORKS INC.

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SHARE PURCHASE AGREEMENT

This Share Purchase Agreement (this "Agreement") is made as of July 20, 2012, by and between Liberty Utilities Inc., a Delaware corporation (the "Buyer"), and United Waterworks Inc., a Delaware corporation (the "Seller").

The Seller owns all of the issued and outstanding shares of capital stock (the "Shares") of United Water Arkansas Inc., an Arkansas corporation (the "Company").

This Agreement sets forth the terms and conditions upon which the Seller will sell to Buyer, and Buyer will purchase, the Shares.

Capitalized terms used in this Agreement shall have the meanings ascribed to them in Article IX.

In consideration of the representations, warranties and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF SHARES

1.1 Purchase and Sale of Shares. At the Closing, and upon the terms and subject to the conditions set forth in this Agreement, the Seller shall sell, assign, transfer, convey and deliver to the Buyer, and the Buyer shall accept and purchase from the Seller, the Shares, free and clear of (a) any and all liens, mortgages, pledges, security interests or other encumbrances, and (b) any and all other restrictions, rights of first refusal, conditions, covenants and similar rights whatsoever, other than such encumbrances and other restrictions that arise under any applicable federal or state securities laws or that are created by the Buyer.

1.2 Initial Purchase Price. The initial purchase price to be paid by the Buyer for the Shares at the Closing shall be cash in the amount of twenty eight million six hundred thousand dollars (USD) ($28,600,000.00) (the "Initial Purchase Price").

1.3 The Closing.

(a) The Closing shall take place at the offices of the Seller in Harrington Park, New Jersey commencing at 10:00 a.m. local time on the Closing Date. Notwithstanding the foregoing, upon the mutual agreement of the Parties, the Closing may be consummated via the delivery of executed documents via nationally recognized overnight delivery service or via the transmission of executed signature pages by facsimile or electronic mail. All transactions at the Closing shall be deemed to take place simultaneously, and no transaction shall be deemed to have been completed and no documents or certificates shall be deemed to have been delivered until all other transactions are completed and all other documents and certificates are delivered.

(b) At the Closing:

(i) the Seller shall deliver to the Buyer:

(A) certificates representing the Shares duly endorsed in blank or accompanied by duly executed stock powers;

(B) the various certificates, instruments and documents referred to in Section 5.2;

(C) a certificate of good standing of the Seller issued by the Secretary of State of the State of Delaware as of recent date;

(D) a certificate of good standing of the Company issued by the Secretary of State of the State of Arkansas as of the Closing Date;

(E) copies of all waivers, permits, consents, approvals, filings, notices and other authorizations referred to in Section 4.2 that are required on the part of the Seller;

(F) all such other certificates, documents and instruments as the Buyer shall reasonably request in connection with the consummation of the transactions contemplated by this Agreement; and

(G) a copy of the Continuing Services Agreement duly executed by the Seller and the Company; and

(ii) the Buyer shall deliver to the Seller:

(A) the Initial Purchase Price by wire transfer of immediately available funds to an account designated by the Seller;

(B) the various certificates, instruments and documents referred to in Section 5.3;

(C) a certificate of good standing of the Buyer issued by the Secretary of State of the State of Delaware as of recent date;

(D) copies of all waivers, permits, consents, approvals, filings, notices and other authorizations referred to in Section 4.2 that are required on the part of the Buyer; and

(E) all such other certificates, documents and instruments as the Seller shall reasonably request in connection with the consummation of the transactions contemplated by this Agreement.

1.4 Purchase Price Adjustment.

(a) Final Working Capital Closing Date Calculation. Within sixty (60) days following the Closing, the Seller shall prepare and deliver to the Buyer a schedule (the "Final Working Capital Closing Date Calculation") setting forth a calculation of the aggregate amount of working capital of the Company as of 11:59 p.m. on the business day immediately preceding the Closing Date (the "Final Working Capital"), setting forth in reasonable detail the calculations used to determine the final amounts identified therein. In connection with the preparation of the Final Working Capital Closing Date Calculation, and throughout the period following the Closing Date and prior to the completion of the determination of the Adjusted Purchase Price hereunder, the Buyer shall make available to, and shall cause the Company to make available to, the Seller and its accountants the books and records of the Company.

(b) Review of Closing Calculations; Objections. The Buyer shall have thirty (30) days from the date of receipt by the Buyer of the Final Working Capital Closing Date Calculation to review the Final Working Capital Closing Date Calculation. In connection with such review, the Seller shall make available to the Buyer and its accountants any working papers, schedules, calculations and other documents relating to the preparation of the Final Working Capital Closing Date Calculation. In the event the Buyer disagrees with any or all of the Final Working Capital Closing Date Calculation, the Buyer shall deliver a written notice of dispute (a "Dispute Notice"), setting forth, in reasonable detail, the items and amounts in dispute, to the Seller within the sixty (60) day period. The Buyer and the Seller shall use reasonable efforts to resolve the dispute within thirty (30) days (the "Discussion Period") commencing on the date the Seller receives the Dispute Notice from the Buyer; provided that other than with respect to the Final Working Capital Closing Date Calculation, no other item or amount which comprises the Initial Purchase Price calculation shall be in dispute, as all such other items and amounts shall have been definitively determined by the Parties on or before the Closing Date. During the Discussion Period, each of the Buyer and the Seller and their respective accountants, attorneys and representatives shall, subject to customary access and indemnification letters, have full access to the working papers of the other Party and its accountants, if any, prepared in connection with the Final Working Capital Closing Date Calculation or the Dispute Notice, as the case may be, and the Seller and its accountants shall have access to the books and records of the Company. If the Seller and the Buyer do not obtain a final resolution within the Discussion Period, then the items remaining in dispute may be submitted thereafter for dispute to a mutually agreed firm of nationally recognized certified public accountants that has not been engaged by either Party within the preceding three years (the "Accounting Firm"). The Seller and the Buyer shall execute any customary agreement, subject to any changes requested by Seller and Buyer and accepted by the Accounting Firm, required by the Accounting Firm to accept the engagement pursuant to this Section 1.4. The fees of the Accounting Firm will be borne by the Buyer, on the one hand, and the Seller, on the other hand, in the same proportion that the dollar amount of disputed items lost by the Buyer, on the one hand, or the Seller, on the other hand, bears to the total dollar amount in dispute resolved by the Accounting Firm. Each Party will bear the fees, costs and expenses of its own accountants, attorneys and other experts and all of its other expenses in connection with matters contemplated by this Section 1.4. The Seller and the Buyer shall use their Reasonable Best Efforts to direct the Accounting Firm to render a determination of the dispute within forty-five (45) days after referral of the matter to the

Accounting Firm, which determination must be in writing and must set forth, in reasonable detail, the basis therefore. In making its determination regarding such dispute, the Accounting Firm shall select, with respect to each item in dispute, an amount equal to the Seller's position as set forth in the Final Working Capital Closing Date Calculation or the Buyer's position, as set forth in the Dispute Notice. In connection with the resolution of such dispute, the Accounting Firm shall have access to all documents, records, work papers, facilities and personnel necessary to make its determination. Each of the Seller and the Buyer and their respective representatives shall be afforded the opportunity to present to the Accounting Firm any material such Party deems relevant to the determination and shall have a continuing opportunity to discuss the matter and its position with the Accounting Firm, but no such presentation of materials or communication shall be on an ex parte basis unless agreed to in writing by the other party. The determination of the Accounting Firm shall be final, conclusive and binding upon the Seller and the Buyer and the calculation of the Final Working Capital shall be adjusted in accordance with such determination. Such determination by the Accounting Firm shall be non-appealable. The procedures set forth in this Section 1.4 are the sole and exclusive mechanism for the adjustment of the purchase price. Following the Closing Date and prior to the completion of the determination of the Adjusted Purchase Price hereunder, and independent of its obligations under Section 6.3(a) the Buyer shall preserve and not alter or destroy, and shall cause the Company to preserve and not alter or destroy, any of the books and records or other documents of the Company which may be useful or helpful to the Seller or its accountants of the Accounting Firm in connection with the resolution of any dispute or disagreement with respect to all or any portion of the Final Working Capital Closing Date Calculation.

(c) ADIT Adjustment. As soon as practicable after the transfer of assets from the Seller Pension to the Buyer Pension pursuant to Section 6.4(f), the Seller shall prepare and deliver to the Buyer a schedule setting forth in reasonable detail, and with reasonable supporting documentation, a calculation of the amount by which three million ninety five thousand dollars (USD) ($3,095,000.00) exceeds the ADIT Amount (which amount may be positive or negative), determined as of the Closing Date (such amount shall be referred to as the "ADIT Adjustment"). The method of calculation of the ADIT Adjustment is set forth on Exhibit E hereto. As used in this Section 1.4, "ADIT Amount" shall mean the amount of the accumulated deferred income taxes as reported on the Company's balance sheet as of the Closing Date and as calculated as described in Exhibit E hereto.

(d) Adjusted Purchase Price. The "Adjusted Purchase Price" shall be the Initial Purchase Price (i) plus the amount by which the Final Working Capital exceeds the Target Working Capital (such amount, which may be either a positive or a negative number, the "Working Capital Adjustment") (ii) plus the CapEx Adjustment (iii) plus the Pension and OPEB Adjustment (iv) plus the ADIT Adjustment. Within three (3) business days after the date on which the each Purchase Price Adjustment is finally determined, the Buyer shall pay to the Seller the amount of such Purchase Price Adjustment, if such amount is a positive number, or the Seller shall pay the Buyer the amount of such Purchase Price Adjustment, if such amount is a negative number. Each payment pursuant to this Section 1.4(c) shall be made by wire transfer or delivery of other immediately available funds.

(e) Accounting Principles. The Final Working Capital Closing Date Calculation shall be determined in the same manner, and using the same accounting principles,

methods, practices, categories, policies and procedures, as were used in preparing the calculation of Target Working Capital and the balance sheet for the most recent fiscal year, but (i) only to the extent such calculations were made in accordance with GAAP and (ii) rather than an average calculation, as represented by the Target Working Capital figure, the Final Working Capital Closing Date Calculation shall be made as of the specific date of calculation. The method of calculation of Target Working Capital and Final Working Capital is set forth on Exhibit A annexed hereto.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Buyer that, except as set forth in the Disclosure Schedule, the statements contained in this Article II are true and correct as of the date of this Agreement, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties will be true and correct as of such date). The Disclosure Schedule shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Article II; however, a disclosure made by the Seller in any section of this Agreement or the Disclosure Schedule, as the case may be, that reasonably informs the Buyer of information with respect to another section of this Agreement or any other section of the Disclosure Schedule in order to avoid a misrepresentation thereunder shall be deemed, for all purposes of this Agreement, to have been made with respect to all such other sections of this Agreement and all such other sections of the Disclosure Schedule, as the case may be, notwithstanding any cross-references (which are included solely as a matter of convenience) or lack of any reference in any representation or warranty to the Disclosure Schedule or any section thereof. Information reflected in the Disclosure Schedule is not necessarily limited to matters required by this Agreement to be reflected in the Disclosure Schedule. Such additional information is set forth for informational purposes and does not necessarily include other matters of a similar nature. Disclosure of such additional information shall not be deemed to constitute an acknowledgment that such information is required to be disclosed and disclosure of such information shall not be deemed to enlarge or enhance any of the representations or warranties in this Agreement or otherwise alter in any way the terms of this Agreement. Inclusion of information in the Disclosure Schedule shall not be construed as an admission that such information is material to the business, assets, liabilities, financial position, operations or results of operations of the Seller or the Company.

For purposes of this Article II, the phrase "to the knowledge of the Seller" or any phrase of similar import shall be deemed to refer to the actual knowledge of the officers of the Company listed on Schedule II hereto.

2.1 Organization, Qualification and Corporate Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Arkansas. The Company has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own, lease and use the properties owned, leased and used by it and to operate its assets and properties to carry on its business as it is now being conducted. The Seller has caused the Company to furnish to the Buyer complete and accurate copies of its Certificate of Incorporation and bylaws (each as amended and in effect). The Seller is a corporation duly

organized, validly existing and in good standing under the laws of the State of Delaware. The Company is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it make such qualification necessary.

2.2 Capitalization. All outstanding capital stock in the Company is owned of record and beneficially by the Seller. There are no outstanding options, warrants, convertible securities or other instruments giving any party the right to acquire any capital stock of the Company or any of the capital stock of the Company owned by the Seller. The Company does not have any Subsidiaries or any ownership interests or other investments in any Person. The authorized capital stock of the Company consists solely of 100 shares of common stock, no par value, of which, as of the date of this Agreement, 100 shares were issued and outstanding. Each issued and outstanding share of capital stock of the Company has been duly authorized and validly issued, fully paid and nonassessable and free of preemptive rights. None of the issued and outstanding shares of capital stock of the Company have been issued in violation of any law, rule, regulation or any preemptive or subscription rights not previously waived prior to the issuance of such shares or is subject to any preemptive or subscription rights. There is no subscription, warrant, option, convertible security or other right (contingent or otherwise) to purchase or acquire any shares of capital stock of the Company that is authorized or outstanding. The Company has no obligation (contingent or otherwise) to issue any subscription, warrant, option, convertible security or other such right, or to issue or distribute to holders of any shares of its capital stock any evidences of indebtedness or assets of the Company. The Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or to make any other distribution in respect thereof. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Company stock, and there are no stock option plans or other stock or equity-related plans of the Company authorized or outstanding. There is no voting trust, proxy or other agreement, arrangement, contract or other commitment of any kind whatsoever to which the Company is a party, or by which the Company, or its stock, or any of its properties or assets, is bound with respect to the voting of any share of capital stock or other equity or beneficial interest of the Company.

2.3 Authorization of Transaction. The Seller has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery by the Seller of this Agreement and the performance by the Seller of this Agreement and the consummation by the Seller of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Seller and no other corporate proceedings on the part of the Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Seller and constitutes, upon its execution and delivery by the Buyer, a valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms except as enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity.

2.4 Noncontravention. Neither the execution and delivery by the Seller of this Agreement, nor the consummation by the Seller of the transactions contemplated hereby or

thereby, will (a) conflict with or violate any provision of the Certificate of Incorporation or by-laws of the Seller or the Company, (b) require on the part of the Seller or the Company any filing with, or permit, authorization, consent or approval of, any Governmental Entity other than the PSC Approval, (c) conflict with, result in breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party any right to terminate, modify or cancel, or require any notice, consent or waiver under, any material contract or instrument to which the Seller or the Company is a party or by which either is bound or to which any of their assets are subject, other than notice to the EPA in accordance with the EPA Agreement, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Seller or the Company.

2.5 Financial Statements. The Seller has provided to the Buyer the Financial Statements. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, fairly present the financial position and results of operations of the Company as of the respective dates thereof and for the periods referred to therein and are consistent with the books and records of the Company; provided, however, that the Financial Statements referred to in clause (b) of the definition of such term are subject to normal recurring year-end adjustments and do not include footnotes.

2.6 Absence of Certain Changes. Since the Most Recent Balance Sheet Date, and to the date of this Agreement: to the knowledge of the Seller, (a) there has occurred no event or development which, individually or in the aggregate, has had, or would reasonably be expected to have, a Company Material Adverse Effect; (b) the Company has incurred no liabilities of any nature, except those which (i) are set forth in the Disclosure Schedules; or (ii) were incurred in the Ordinary Course of Business; and (c) no material personal property owned by the Company is subject to any Encumbrances.

2.7 Tax Matters. Except for matters that would not have a Company Material Adverse Effect, to the Seller's knowledge, (a) all Tax Returns required to be filed with respect to the Company for any period ending on or prior to the Closing Date have been or will be timely filed (taking into account any extension of time to file granted to or obtained on behalf of the Seller or the Company), (b) all Taxes shown to be payable on such Tax Returns have been paid or will be paid, (c) no deficiency for any material amount of Tax has been asserted or assessed by a Tax Authority against the Company, (d) all Tax Returns are true, correct and complete in all material respects and (e) the Financial Statements reflect an adequate reserve in accordance with GAAP for payment of current Tax liabilities for which payment is not yet due. Notwithstanding anything to the contrary in this Agreement, the Company makes no representations or warranties in respect of the existence, amount or usability of the tax attributes of the Company for taxable periods (or portions thereof) beginning after the Closing Date, including, without limitation, net operating losses, capital loss carry forwards, foreign tax credit carry forwards, research and development credits, assets bases and depreciation periods. The Company's representations and warranties set forth in this Section 2.7 shall constitute the Company's only representations and warranties with respect to Taxes.

2.8 Ownership of Personal Property. Except as set forth on Section 2.8 of the Disclosure Schedule, and except as would have a Company Material Adverse Effect, the Company is the true and lawful owner or lessor of, and has good title to or valid and sufficient

leaseholds in, all of the tangible personal property it uses in the conduct of its business, free and clear of Encumbrances.

2.9 Owned Real Property. Section 2.9 of the Disclosure Schedule lists the location of all real property owned by the Company in fee simple. With respect to each piece of real property owned by the Company:

(a) except as set forth on Section 2.9 of the Disclosure Schedule, the Company has good and clear record and marketable title in fee simple, free and clear of all Encumbrances to such piece of real property, insurable by a recognized national title insurance company at standard rates;

(b) except as set forth on Section 2.9(b) of the Disclosure Schedule, there are no leases, subleases, licenses or agreements granting to any party or parties (other than the Company) the right of use or occupancy of any portion of such real property; and

(c) there are no outstanding rights of first refusal or rights of first offer or options to purchase such real property, or any portion thereof or interest therein.

2.10 Intellectual Property. The Company has no patent, patent application, copyright registration or application therefor, mask work registration or application therefor, or trademark, service mark or domain name registration or application therefor. Except as set forth on Section 2.10 of the Disclosure Schedule, the Company owns, or is licensed to use, all material Intellectual Property used in its business as currently conducted. There are no material pending, or to the Seller's knowledge, threatened claims by any Person challenging the use by the Company of any material Intellectual Property in its business as currently conducted. The Company has not made any claim of a material violation or infringement by others of its rights to or in connection with the Intellectual Property used in its business, and the Company has not received any written notice from any other Person challenging the right of the Company to use any material Intellectual Property.

2.11 Contracts.

(a) Section 2.11(a) of the Disclosure Schedule lists the following agreements (written or oral) to which the Company is a party as of the date of this Agreement:

(i) any agreement for the sale or provision of water involving more than $ 25,000 per year;

(ii) any agreement for the lease of personal property from or to third parties providing for lease payments in excess of $ 25,000 per year;

(iii) any lease or sublease pursuant to which the Company leases or subleases from another party any real property;

(iv) any agreement for the purchase of products or for the receipt of services by the Company pursuant to which Company has an obligation or a reasonable expectation to pay in excess of $ 50,000 in any consecutive twelve (12) month period;

(v) any agreement concerning the establishment or operation of a partnership, joint venture or limited liability company;

(vi) any agreement (or group of related agreements) under which it has created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) indebtedness (including capitalized lease obligations) involving more than $ 50,000 or under which it has imposed (or may impose) a security interest on any of its assets, tangible or intangible;

(vii) any agreement for the sale of any of the Company's assets, other than in the Ordinary Course of Business of the Company, for consideration in excess of $ 50,000;

(viii) any employment agreement;

(ix) any agreements for the acquisition of any business, a material amount of stock or assets of any other entity or any real property (whether by merger, sale of stock, sale of assets or otherwise), in each case other than in the Ordinary Course of Business and involving amounts in excess of $50,000;

(x) any agreement involving any current or former officer, director or shareholder of the Company or an Affiliate thereof that will remain in effect after the Closing Date;

(xi) any agreement under which the consequences of a default or termination by either the Company or its counterparty to the agreement would reasonably be expected to have a Company Material Adverse Effect; and

(xii) any other agreement either involving more than $ 50,000 or not entered into in the Ordinary Course of Business of the Company.

(b) The Company has delivered to the Buyer a complete and accurate copy of each agreement listed in Section 2.11(a) of the Disclosure Schedule.

2.12 Accounts Receivable. A complete and accurate list of the accounts receivable of amounts greater than $ 5,000, aged 60 days or more and reflected on the Most Recent Balance Sheet, showing the aging thereof, but excluding any amounts due to the Company that are in turn payable by the Company to (i) the City of Pine Bluff pursuant to that certain Agreement for Collection of Municipal Sewer, Storm Water, and Garbage Fees dated as of July 5, 2011, by and between the Company and Pine Bluff Wastewater Utility and (ii) Suburban Sewer Improvement District No. Tantara # 1 pursuant to that certain Agreement for Collection of Sewer Charges dated as of March 3, 1983, (the "Tantara Agreement") by and between United Water Operations Contracts Inc., as successor to GW Service Corporation, and Suburban Sewer Improvement District No. Tantara # 1 (as assignee of the Hunt-Lee Corporation), is included in Section 2.12 of the Disclosure Schedule. The Company has not received any written notice from any account debtor stating that any account receivable in an amount in excess of $ 5,000 is subject to any contest, claim or setoff by such account debtor.

2.13 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of the Company.

2.14 Insurance. Part 1 of Section 2.14 of the Disclosure Schedule sets forth a list, as of the date hereof, of all material insurance policies maintained by the Company or with respect to which the Company is a named insured or otherwise the beneficiary of coverage. Such insurance policies are in full force and effect on the date of this Agreement and all premiums due on such insurance policies have been paid, except as would not have a Company Material Adverse Effect. Part 2 of Section 2.14 of the Disclosure Schedule sets forth a list of all material insurance policies maintained by the Company or with respect to which the Company was a named insured or otherwise the beneficiary of coverage for the last three (3) years.

2.15 Litigation. Except as set forth on Section 2.15 of the Disclosure Schedule, there is no Legal Proceeding which is pending or, to the Seller's knowledge, has been threatened against the Company. There are no written judgments, orders or decrees outstanding against the Company.

2.16 Employees.

(a) Section 2.16 of the Disclosure Schedule contains a list of all employees of the Company, along with the date of hire and position of each such person ("Company Employees"). The Seller has provided to the Buyer the annual rate of compensation of each Company Employee. To the knowledge of the Seller, no Company Employee has any plans to terminate employment with the Company.

(b) The Company is not a party to nor is bound by any collective bargaining agreement, nor has it experienced any strikes, grievances, claims of unfair labor practices or other collective bargaining disputes. The Seller has no knowledge of any organizational effort made or threatened, either currently or within the past year, by or on behalf of any labor union with respect to employees of the Company.

(c) Except as set forth on Section 2.16(c) of the Disclosure Schedule, to the knowledge of the Seller, there are no pending complaints nor are there any threatened complaints before any employment standards tribunal or human rights tribunal and there are no pending or threatened workers' compensation, discrimination or other such claims.

(d) The Company is, and for the prior two (2) years has been in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours.

2.17 Employee Benefits. Section 2.17 of the Disclosure Schedule contains a summary of the benefits provided to employees under the Seller Plans.

(a) No Seller Plans are sponsored by the Company.

(b) Complete and accurate copies of the Seller OPEB and the Seller's Pension.

(c) The Seller OPEB, the Seller's Pension and the United Water Resources Inc. 401(k) Plan (the "Seller's 401(k)"), as well as the flexible spending account portions of the United Water Resources Inc. Corporate Medical Plan, are, in form and operation, in compliance in all material respects with the plan documents and all applicable laws.

(d) The Seller's 401(k) has received favorable determination letters from the IRS, as applicable, or a timely application for such letters is pending or will be timely made during the applicable IRS filing cycle and nothing material has occurred since the date of any previous determination that would adversely affect the qualified status of the Seller's 401(k).

(e) No liens exist with respect to any Company assets with respect to the Seller's Pension.

(f) During the past six (6) years, the Company has not maintained, adopted, contributed or been required to contribute to, or otherwise participated in any "multiemployer plan" (as defined in Section 3(37) of ERISA) and has no actual or potential liability attributable to any multiemployer plans.

2.18 Environmental Matters.

(a) There is no pending or, to the knowledge of the Seller, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request by any Governmental Entity, relating to any Environmental Law involving the Company. To the knowledge of the Seller, the Company is currently conducting its business in compliance with all Environmental Laws, except for any noncompliance that, individually or in the aggregate, have not had and would not be reasonably expected to have a Company Material Adverse Effect.

(b) Except as set forth on Section 2.18(b) of the Disclosure Schedule, the Company is not a party to or bound by any court order, administrative order, consent order or other agreement with any Governmental Entity entered into in connection with any legal obligation or liability arising under any Environmental Law.

(c) To the knowledge of the Seller, there is no material environmental liability of the Company for the delivery of any materials to any solid or hazardous waste transporter or treatment, storage or disposal facility that has been used by the Company, and neither the Seller nor the Company have received notice pursuant to CERCLA or any similar or analogous Environmental Law that the Company has been identified as a responsible party in connection with any real property currently or formerly owned or leased by the Company.

(d) To the knowledge of the Seller, the Company holds and, in all material respects is in compliance with, and for the prior two (2) years has held and, in all material respects has been in compliance with all permits issued to or held by the Company pursuant to Environmental Law and Section 2.18(d) of the Disclosure Schedule sets forth a list of all Permits issued to or held by the Company pursuant to Environmental Law. Such listed Permits are the only Permits that are required pursuant to Environmental Law for the Company to conduct its business and operations as presently conducted, except for any Permits, the absence of which,

individually or in the aggregate, would not be reasonably expected to have a Company Material Adverse Effect.

(e) The Seller has provided the Buyer with copies of all material environmental reports, studies, investigations and related documents in its possession or in the possession of the Company in connection with (i) the real property currently or formerly owned or leased by the Company and (ii) the operations of the Company.

(f) Except as would not be reasonably expected to have a Company Material Adverse Effect, for so long as the Seller has owned the Shares, no Materials of Environmental Concern have been Released at, on, under or from any real property owned or leased by the Company at the time of any such Release and under circumstances requiring notification to any Governmental Entity or requiring remediation under Environmental Law; and to the knowledge of Seller, no Materials of Environmental Concern Released at, on, under or from any nearby properties have migrated or would be reasonably expected to migrate onto or under any such real property requiring notification to any Governmental Entity or requiring remediation under Environmental Law.

(g) The Company has not agreed to retain or assume any obligation or liability of any other Person arising under or pursuant to any Environmental Law or any Permits listed on Section 2.18(d) of the Disclosure Schedule.

(h) The Company has not entered into or agreed to any consent decree or order and, except as set forth on Section 2.18(b) of the Disclosure Schedule, is not subject to any order of any Governmental Entity relating to compliance with any Environmental Law or to the investigation or cleanup of Materials of Environmental Concern. This Section 2.18 contains the only representations and warranties of the Seller relating to Environmental Laws or Materials of Environmental Concerns.

2.19 Legal Compliance. To the knowledge of the Seller, the Company is currently conducting**,** and has conducted for the last two years, its business in compliance with applicable law (including rules and regulations thereunder) of any federal, state, local or foreign government, or any Governmental Entity, except for any noncompliance that, individually or in the aggregate, has not had and would not be reasonably be expected to have a Company Material Adverse Effect. The Company has not received any notice or communication from any Governmental Entity alleging noncompliance with any applicable law, rule or regulation, except for any noncompliance that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

2.20 Permits. Section 2.20 of the Disclosure Schedule sets forth a list of all Permits issued to or held by the Company, other than those Permits set forth on Section 2.18(d) of the Disclosure Schedule. Such listed Permits are the only Permits that are required for the Company to conduct its business and operations as presently conducted, except for any Permits, the absence of which, individually or in the aggregate, would not be reasonably expected to have a Company Material Adverse Effect.

2.21 Property; Franchises. Except as set forth on Section 2.21 of the Disclosure Schedule, the Company owns or has sufficient rights and consents to use under existing franchises, easements, leases, and license agreements, all properties, rights and assets necessary for the conduct of its business and operations as currently conducted except for any rights and consents that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

2.22 Water Systems. Section 2.22 of the Disclosure Schedule contains a complete and accurate list of the Water Systems owned by Company.

2.23 Brokers' Fees. Neither the Seller nor the Company has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller that the statements contained in this Article III are true and correct as of the date of this Agreement and as of Closing Date.

3.1 Organization and Corporate Power. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

3.2 Authorization of the Transaction. The Buyer has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery by the Buyer of this Agreement and the consummation by the Buyer of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Buyer and no other corporate proceedings on the part of the Buyer are necessary to authorize this Agreement or consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes a valid and binding obligation of the Buyer, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity.

3.3 Noncontravention. Neither the execution and delivery by the Buyer of this Agreement, nor the consummation by the Buyer of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the Certificate of Incorporation or by-laws of the Buyer, (b) require on the part of the Buyer any filing with, or permit, authorization, consent or approval of, any Governmental Entity other than the PSC Approval, (c) conflict with, result in breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party any right to terminate, modify or cancel, or require any notice, consent or waiver under, any contract or instrument to which the Buyer is a party or by which it is bound or to which any of its assets is subject, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer or any of its properties or assets.

3.4 Litigation. There is no Legal Proceeding which is pending or has been threatened against the Buyer, which challenges or seeks to prevent, enjoin, alter or delay the transactions contemplated by this Agreement, or that if adversely determined would materially impair the ability of the Buyer to consummate the transactions contemplated by this Agreement.

3.5 Financing. The Buyer has sufficient cash or committed, irrevocable and non-cancellable credit facilities available to permit the Buyer to pay the Initial Purchase Price and to consummate the transactions contemplated by this Agreement.

3.6 Brokers' Fees. The Buyer has no liability or obligation to pay any fees to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

3.7 Investment Purpose. The Buyer is acquiring the Shares solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. The Buyer acknowledges that the Shares are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Shares may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefore and subject to state securities laws and regulations, as applicable. The Buyer is able to bear the economic risk of holding the Shares for an indefinite period (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

3.8 Independent Investigation. The Buyer has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Company, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Seller and the Company for such purpose. The Buyer acknowledges and agrees that:

(a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, the Buyer has relied solely upon its own investigation and the express representations and warranties of the Seller set forth in Article II (including the related portions of the Disclosure Schedule); and

(b) none of the Seller, the Company or any other Person has made any representation or warranty as to Seller, the Company or this Agreement, except as expressly set forth in Article II (including the related portions of the Disclosure Schedule).

ARTICLE IV

PRE-CLOSING COVENANTS

4.1 Closing Efforts. Each of the Parties shall use its Reasonable Best Efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including using its Reasonable Best Efforts to ensure that (i) its representations and warranties remain true and correct in all material respects through the

Closing Date and (ii) the conditions to the obligations of the other Party to consummate the transactions contemplated by this Agreement are satisfied.

4.2 Governmental and Third-Party Notices and Consents.

(a) The Parties shall jointly file an application with the PSC for the PSC Approval as soon as practical, but in no event later than July 31, 2012, and each Party is committed to dedicate the time and other resources necessary to achieve such deadline. Each Party shall bear its own expenses in connection with the preparation of such application with the PSC, and the Parties shall share equally all joint costs and expenses in connection with such application, including without limitation any filing costs and expenses. The Seller and the Buyer agree to use Reasonable Best Efforts to promptly seek the PSC Approval including responding as promptly as practicable to any inquiries or requests received from the PSC for additional information or documentation. The Parties agree the application will not include a request for acquisition premium, and the Buyer covenants it will not seek to recover an acquisition premium in any future rate proceedings before the PSC. The Parties agree that the application for the PSC Approval shall be limited to a request for approval of the transactions contemplated by this Agreement and shall not include a request for any ratemaking treatment associated therewith, including but not limited to a finding of rate base or any proposed change in rates, and the Parties contemplate that such application shall include, but not be limited to, the following elements: the proposed price to be paid for the Shares and the proposed terms of payment, the financial statements of the Buyer and the Company (including a pro forma balance sheet of the Company reflecting the results of the transactions contemplated by this Agreement), a report of the nature of the Buyer's business and an informative description of the business intended to be done by the Buyer, and a statement of reasons why the Buyer desires to complete the transactions contemplated by this Agreement to be consummated at the Closing. In addition, each Party shall use its Reasonable Best Efforts to obtain, at its expense, all other waivers, permits, consents, approvals or other authorizations from Governmental Entities, and to effect all other registrations, filings and notices with or to Governmental Entities, as may be required for such Party to consummate the transactions contemplated by this Agreement and to otherwise comply with all applicable laws and regulations in connection with the consummation of the transactions contemplated by this Agreement. The Seller shall not be responsible for any rate effects resulting from any regulatory approval or order relating to the transactions contemplated by this Agreement.

(b) The Seller, at its expense and with the cooperation of the Buyer, shall request that the EPA make the EPA Finding, and the Buyer, at its expense, shall provide the Seller and the EPA such documents, information and other assistance as may be necessary in connection therewith.

(c) The Seller shall obtain, at its expense, all such waivers, consents or approvals from third parties, and to give all such notices to third parties, as are required to be listed in the Disclosure Schedule.

4.3 Operation of Business. Except as contemplated by this Agreement, during the period from the date of this Agreement to the Closing, the Seller shall cause the Company to conduct its operations in the Ordinary Course of Business and in compliance with all applicable

laws and regulations and, to the extent consistent therewith, make commercially reasonable efforts to preserve intact its current business organization, keep its physical assets in good working condition and keep available the services of its current officers and employees, in each case consistent with past custom and practice. Without limiting the generality of the foregoing, prior to the Closing, the Seller shall not, without the written consent of the Buyer, permit the Company to:

(a) issue or sell any stock or other securities of the Company or any options, warrants or other rights to acquire any such stock or other securities (except pursuant to the conversion or exercise of options, warrants or other convertible securities outstanding on the date hereof);

(b) amend its charter, by laws or other organizational documents in a manner that would have an adverse effect on the transactions contemplated by this Agreement;

(c) change its accounting methods, principles or practices, except insofar as may be required by a generally applicable change in GAAP; or

(d) agree in writing or otherwise to take any of the foregoing actions;

provided, that no provision of this Agreement shall in any way affect the right of the Seller to cause the Company to, or create any liability on the part of the Seller (including without limitation pursuant to Article VII) if the Company does, (i) terminate any agreement (including without limitation any oral agreement) between the Seller and/or any of its Affiliates and the Company, (ii) enter into an agreement in substantially the form of Exhibit B hereto pursuant to which the Seller shall assume the sole right to, and the sole responsibility for, the control and direction of the defense (with cooperation by the Company) and/or satisfaction of any claim made in connection with Andrew Allen v. United Water Arkansas Inc. and Paul Carlson, Case No. CV-2011-530-5 (Circuit Court of Jefferson County, Arkansas), or any claim arising out of or related to such claim or (iii) document the assignment of the Tantara Agreement by United Water Operations Contracts Inc. to the Company.

4.4 Access to Information.

(a) During the period from the date of this Agreement to the Closing, the Seller shall, and shall cause the Company to:

(i) afford the Buyer reasonable access to, and the right to inspect all of, the real property, properties, assets, premises, books and records, contracts, agreements and other documents and data related to the Company;

(ii) furnish the Buyer with such financial, operating and other data and information related to the Company as the Buyer may reasonably request; and

(iii) instruct the representatives of the Seller and the Company to cooperate with Buyer in its investigation of the Company; provided, however, that any such investigation shall be conducted during normal business hours upon reasonable advance notice to Seller, under the supervision of Seller's personnel and in such a manner as not to interfere with

the normal operations of the Company. All requests by the Buyer for access pursuant to this Section 4.4 shall be submitted or directed exclusively to Rodolphe Bouichou or such other individuals as the Seller may designate in writing from time to time.

(b) Notwithstanding anything to the contrary in this Agreement, neither Seller nor the Company shall be required to disclose any information to the Buyer if such disclosure would, in Seller's sole discretion:

(i) cause significant competitive harm to the Seller, the Company or their respective businesses if the transactions contemplated by this Agreement are not consummated;

(ii) jeopardize any attorney-client or other privilege; or

(iii) contravene any applicable law, regulation, fiduciary duty or binding agreement entered into prior to the date of this Agreement.

(c) Prior to the Closing, without prior written consent of the Seller, which may be withheld for any reason, the Buyer shall not contact any suppliers to, or customers of, the Company, and the Buyer shall have no right to perform invasive or subsurface investigations of the real property of the Company.

4.5 Supplement to Disclosure Schedule. From time to time prior to the Closing, the Seller shall have the right (but not the obligation) to supplement or amend the Disclosure Schedule with respect to any matter hereafter arising or of which the Seller becomes aware after the date hereof (each a "Schedule Supplement"), and each such Schedule Supplement shall be deemed to be incorporated into and to supplement and amend the Disclosure Schedule as of the Closing Date; provided, however, that in the event such event, development or occurrence which is the subject of the Schedule Supplement constitutes or relates to something that has had a Company Material Adverse Effect, then the Buyer shall have the right to terminate this Agreement for failure to satisfy the closing condition set forth in Section 5.2(b); provided, further, that if the Buyer has the right to, but does not elect to terminate this Agreement within ten (10) business days of its receipt of such Schedule Supplement, then the Buyer shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such matter under any of the conditions set forth in Section 5.2 and, further, shall have irrevocably waived its right to indemnification under Section 7.1 with respect to such matter.

4.6 Continuing Services Agreement. Within sixty (60) days after the date of this Agreement, the Parties shall agree upon a list of reasonable transition services to be provided by the Seller and/or its Affiliates to the Company after Closing, which services shall be provided at the Seller's and/or its Affiliates' actual cost of providing such services (including overhead costs) and in accordance with the terms and conditions to be set forth in a Continuing Services Agreement (the "Continuing Services Agreement") in substantially the form of Exhibit C hereto (except for the addition of the schedules referred to therein). The Parties agree that such transition services shall include, at a minimum, the continued use (consistent with past practice) of the assets identified with an "Asset ID" on Section 2.10 of the Disclosure Schedule and the continued use, access and technical support (consistent with past practice) related to the

Customer Care and Billing system of the Seller, which transitional services shall be provided to the Company for a term of seven (7) years; provided, however, that the Seller may terminate provision of such services at any time after the first anniversary of the Closing Date by providing written notice (the "Termination Notice") to the Company at least sixty (60) days prior to the effective date of the termination, subject to payment to the Company of a one-time termination fee (the "Termination Fee") determined as follows:

(a) if the effective date of such termination is before the second anniversary of the Closing Date, the Termination Fee shall be US$ 619,000.00;

(b) if the effective date of such termination is on or after the second anniversary of the Closing Date but before the date that is thirty (30) months after the Closing Date, the Termination Fee shall be US$ 503,000.00;

(c) if the effective date of such termination is on or after the date that is thirty (30) months after the Closing Date but before the third anniversary of the Closing Date, the Termination Fee shall be US$ 387,000.00; and

(d) if the effective date of such termination is on or after the third anniversary of the Closing Date, no Termination Fee shall be payable.

The Parties further covenant and agree as follows: (a) the Seller shall pay any Termination Fee to the Company on the date of the Termination Notice; (b) the Termination Fee shall not be considered as a penalty but a genuine estimate of the Company's liquidated damages; and (c) the Company may terminate the Continuing Services Agreement at any time, in accordance with the terms of the Continuing Services Agreement, upon written notice to the Seller with no termination fee payable by either party to the other.

4.7 Communications Plan. In order to facilitate a seamless transition of ownership of the Company, the Parties intend to cooperate to develop a common communication plan to reach out to and educate critical stakeholders of the Company, including without limitation customers, employees and officials of state and local Governmental Agencies, in advance of such transition.

4.8 CapEx Statements. On a bimonthly basis and within ten (10) business days after the Closing Date, the Seller shall provide the Buyer with statements of the total amount of capital invested by the Company in the Ordinary Course of Business (net of contributions in aid of construction) between the date of this Agreement and the date of such statement, which investments are completed or reasonably progressed as of the date of such statement.

ARTICLE V

CONDITIONS TO CLOSING

5.1 Conditions to Obligations of Each Party. The respective obligations of each Party to consummate the transactions contemplated by this Agreement to be consummated at the Closing are subject to (i) the granting of the PSC Approval and (ii) the making of the EPA Finding or, if earlier, the expiration of the thirty (30) day review period following the date of the request that the EPA make the EPA Finding.

5.2 Conditions to Obligations of the Buyer. The obligation of the Buyer to consummate the transactions contemplated by this Agreement to be consummated at the Closing is subject to the satisfaction of the following additional conditions, any of which may be waived by Buyer:

(a) the Seller shall have obtained at its own expense (and shall have provided copies thereof to the Buyer) all of the waivers, permits, consents, approvals or other authorizations, and effected all of the registrations, filings and notices, referred to in Section 4.2 that are required on the part of the Seller (which, for the avoidance of doubt, shall not include the PSC Approval or the joint application therefore), all of which must be in the form as is reasonably acceptable to the Buyer;

(b) the representations and warranties of the Seller that are qualified as to materiality shall be true and correct in all respects, and all other representations and warranties of the Buyer set forth in this Agreement shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing as though made as of the Closing, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties shall be true and correct as of such date);

(c) the Seller shall have performed or complied with in all material respects its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(d) the Seller shall have delivered to Buyer a duly executed certificate of non-foreign status in the form and manner that complies with Section 1445 of the Code and the Treasury Regulations promulgated thereunder;

(e) the Seller shall have delivered to the Buyer the Seller Certificate;

(f) the Seller shall have delivered to the Buyer a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Seller certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of directors of the Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby; and (ii) the names and signatures of the officers of the Seller authorized to sign this Agreement and the other documents to be delivered hereunder; and

(g) the Seller shall have delivered to the Buyer certificates representing the Shares duly endorsed in blank or accompanied by duly executed stock powers.

5.3 Conditions to Obligations of the Seller. The obligation of the Seller to consummate the transactions contemplated by this Agreement to be consummated at the Closing is subject to the satisfaction of the following additional conditions, any of which may be waived by Seller:

(a) the Buyer shall have obtained at its own expense (and shall have provided copies thereof to the Seller) all of the waivers, permits, consents, approvals or other

authorizations, and effected all of the registrations, filings and notices, referred to in Section 4.2 that are required on the part of the Buyer, all of which must be in the form as is reasonably acceptable to the Seller;

(b) the representations and warranties of the Buyer that are qualified as to materiality shall be true and correct in all respects, and all other representations and warranties of the Buyer set forth in this Agreement shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing as though made as of the Closing, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties shall be true and correct as of such date);

(c) the Buyer shall have performed or complied with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(d) no Legal Proceeding shall be pending or threatened wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of the transactions contemplated by this Agreement or (ii) cause the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect;

(e) the Buyer shall have delivered to the Seller the Buyer Certificate;

(f) the Buyer shall have delivered to the Seller a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Buyer certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of directors of the Buyer authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby; and (ii) the names and signatures of the officers of the Buyer authorized to sign this Agreement and the other documents to be delivered hereunder; and

(g) the Buyer shall have delivered to the Seller cash in an amount equal to the Initial Purchase Price by wire transfer of immediately available funds to an account designated by the Seller.

ARTICLE VI

POST-CLOSING COVENANTS

6.1 Tax Matters.

(a) Cooperation. After the Closing, the Buyer and the Seller shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the preparation and filing of any Tax Return, and any audit, litigation or other proceeding with respect to Taxes and for the prosecution or defense of any such audit, litigation or other proceeding, in each case of, or relating to, the Company. Such cooperation shall include the retention and (upon the other Party's reasonable request) the provision of records and

information which are reasonably relevant to any such Tax Return, audit, litigation or other proceeding. Any information obtained under this Section 6.1(a) shall be kept confidential except: (i) as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding; or (ii) with the consent of the Seller or the Buyer, as the case may be.

(b) Returns and Payments.

(i) From the date of this Agreement and through and after the Closing Date, the Seller shall prepare and timely file (or cause to be prepared and timely filed) all Pre-Closing Period Tax Returns. If any such Pre-Closing Period Tax Returns are due after the Closing Date (taking into account valid extensions to which such Tax Returns are subject) and if the Seller is not authorized by law to file such Pre-Closing Period Tax Returns, the Buyer shall file (or cause to be filed) such Pre-Closing Period Tax Return (which will be prepared by Seller) with the appropriate Taxing Authority. The Seller shall pay or cause to be paid all Taxes with respect to the Company for any taxable period ending on or before the Closing Date, except to the extent such Taxes are included in the Final Working Capital or Target Working Capital. If any Pre-Closing Period Tax Return is due after the Closing Date and is to be filed by the Buyer as set forth above, the Seller shall pay to the Buyer all Taxes due and payable in respect of such Pre-Closing Period Tax Returns no later than three (3) days prior to the due date of such Tax Return, except to the extent such Taxes are included in the Final Working Capital or Target Working Capital.

(ii) The Buyer shall prepare and timely file (or cause to be prepared and timely filed), all other Tax Returns of the Company, including any Straddle Period Tax Returns. All Straddle Period Tax Returns shall be prepared and filed in a manner that is consistent with the prior practice of the Company, except as required by applicable law. With respect to any Straddle Period Tax Return required to be filed with respect to the Company, and as to which an amount of Tax is allocable to the Seller pursuant to Section 6.1(d), the Buyer shall provide Seller with a copy of such completed Straddle Period Tax Return, for its review and approval, and a statement (with which Buyer will make available supporting schedules and information) certifying the amount of Tax shown on such Straddle Period Tax Return that is allocable to the Seller pursuant to Section 6.1(d) at least 30 days prior to the due date (including any extension thereof) for the filing of such Straddle Period Tax Return. The Seller and the Buyer agree to consult and to attempt in good faith to resolve any issues arising from the Seller's review of such Straddle Period Tax Return and statement. No later than three (3) days prior to the filing of such Straddle Period Tax Return, the Seller shall pay the Buyer the amount of the Seller's share of the Tax liability for the Straddle Period determined under Section 6.1(d), except to the extent such Taxes are included in the Final Working Capital or Target Working Capital.

(c) Tax Audits.

(i) After the Closing, the Buyer shall promptly notify the Seller in writing of the commencement of any Tax audit or administrative or judicial proceeding or of any demand or claim on the Buyer or the Company which, if determined adversely to the taxpayer or after the lapse of time, would be grounds for indemnification by the Seller under Section 7.1. Such notice shall contain factual information (to the extent known to the Buyer) describing the

asserted Tax liability in reasonable detail and shall include copies of any notice or other document received from any Tax Authority in respect of any such asserted Tax liability. If the Buyer fails to give the Seller prompt notice of an asserted Tax liability as required by this Section 6.1(c), then (A) if the Seller is precluded by the failure to give prompt notice from contesting the asserted Tax liability in both the administrative and judicial forums, the Seller shall not have any obligation to indemnify for any loss arising out of such asserted Tax liability, and (B) if the Seller is not so precluded from contesting but such failure to give prompt notice results in a detriment to the Seller, then any amount which the Seller is otherwise required to pay the Buyer pursuant to Section 7.1 with respect to such liability shall be reduced by the amount of such detriment.

(ii) The Seller may elect to direct, through counsel of its own choosing and at its own expense, any audit, claim for refund and administrative or judicial proceeding involving any asserted liability with respect to which indemnity may be sought from the Buyer under Section 7.1 (any such audit, claim for refund or proceeding relating to an asserted Tax liability are referred to herein collectively as a "Tax Contest"). If the Seller elects to direct the Tax Contest of any asserted Tax liability, it shall within 30 calendar days of receipt of the notice of asserted Tax liability notify the Buyer of its intent to so, and the Buyer shall cooperate and shall cause the Company to cooperate, at the Seller's expense, in each phase of the Tax Contest. If the Seller elects not to direct the Tax Contest, fails to notify the Buyer of its election as herein provided or contests its indemnification obligation under Section 7.1, the Buyer may pay, compromise or contest, at its own expense, such asserted Tax liability. However, in such case, the Buyer may not settle or compromise any asserted Tax liability over the objection of the Seller; provided, however, that consent to settlement or compromise shall not be unreasonably withheld. In any event, each of the Buyer and the Seller may participate, at its own expense, in the Tax Contest.

(d) Straddle Period. For purposes of Section 6.1(b)(ii) and Article VII, in order to apportion appropriately any Taxes relating to any Straddle Period, the Parties hereto shall, to the extent permitted under applicable law, elect with the relevant Tax Authority to treat for all Tax purposes the Closing Date as the last day of the taxable year or period of the Company. In any case where applicable law does not permit the Company to treat the Closing Date as the last day of the taxable year or period, the portion of any Taxes that are allocable to the portion of the Straddle Period ending on the Closing Date shall be:

(i) In the case of Taxes that are imposed on a periodic basis, deemed to be the amount of such Taxes for the entire period (or, in the case of Taxes determined on an arrears basis, such as real property Taxes, the amount of such Taxes for the immediately preceding period) multiplied by a fraction, the numerator of which is the number of days during the Straddle Period that end on and include the Closing Date and the denominator of which is the number of days in the Straddle Period; and

(ii) In the case of Taxes not described in (i) above, deemed equal to the amount that would be payable if such taxable period ended on the Closing Date.

(e) Transfer Taxes. The Buyer agrees to assume liability for and pay all transfer, documentary, sales, use, registration and other similar Taxes, if any, arising from the transactions contemplated by this Agreement.

(f) Refunds. Any refunds received by the Buyer or the Company (and any equivalent benefit obtained through a reduction in Tax liability for a post-Closing Date period) of Taxes relating to taxable periods or portions thereof ending on or before the Closing Date shall be for the account of the Seller except to the extent included in Target Working Capital or Final Working Capital, and the Buyer shall pay over to the Seller any such refund or the amount of any such benefit within three (3) days of the earlier of receipt or entitlement thereof. The Buyer shall, if the Seller so requests and at the Seller's expense, file (or cause to be filed) a claim for any refunds or equivalent amounts to which the Seller is entitled hereunder. The Buyer shall permit the Seller to control (at the Seller's expense) the prosecution of any such refund claimed.

(g) Neither the Buyer nor any Affiliate of the Buyer shall amend, refile or otherwise modify, any election or Tax Return relating in whole or in part to the Company with respect to any taxable year or period or portion thereof, ending on or before the Closing Date without the prior written consent of the Seller. Notwithstanding any other provision of this Agreement, neither the Buyer nor any Affiliate of the Buyer shall carry back, or cause or permit the Company to carry back, for federal, state, local or non U.S. Tax purposes to any taxable year or period, or portion thereof, ending on or before the Closing Date any operating losses, net operating losses, capital losses, Tax credits or similar items arising in, resulting from, or generated in connection with a taxable year or period, or portion thereof for which the Buyer is required to file a Tax Return.

(h) All Tax sharing agreements or similar agreements with respect to or involving the Company shall be terminated as of the Closing Date without consideration, and, after the Closing Date, the Seller, its Affiliates, and the Company shall not be bound thereby or have any liability thereunder.

(i) Notwithstanding anything to the contrary, to the extent that a provision of this Section 6.1 directly conflicts with a provision of Article VII, this Section 6.1 shall govern.

6.2 Director and Officer Indemnification. The Buyer shall cause the Company to (i) throughout the period commencing at the Closing and ending no earlier than the sixth anniversary thereof, and subject to limitations created by applicable law and public policy, indemnify and hold harmless all past and present directors and officers of the Company for acts or omissions occurring on or prior to the Closing to the same extent such persons are indemnified by the Company pursuant to the Company's Certificate of Incorporation and bylaws as of the date of this Agreement, and (ii) until the sixth anniversary of the Closing Date, cause the Company's Certificate of Incorporation and bylaws to contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of past and present directors and officers of the Company than are presently set forth in the Company's Certificate of Incorporation and bylaws. The Buyer hereby guarantees that the Company will perform the obligations set forth in this Section 6.2 and agrees to be fully liable for all such obligations.

6.3 Maintenance of Books and Records.

(a) Each of the Parties shall, and the Buyer shall cause the Company to, preserve all pre-Closing Date records possessed or to be possessed by such Party (or the Company, as applicable) relating to the Company in accordance with such Party's corporate information retention and management policy. After the Closing Date, upon any reasonable request from a Party or its representatives, the Party holding such records shall, and with respect to records held by the Company the Buyer shall cause the Company, to the extent reasonably requested by Seller, to (a) provide to the requesting Party or its representatives reasonable access to such records during normal business hours and (b) permit the requesting Party or its representatives to make copies of such records, in each case at the sole cost and expense of the requesting Party or its representatives. Such records may be sought under this Section 6.3(a) for any reasonable purpose, including to the extent reasonably required in connection with the audit, accounting, litigation, investigation, securities disclosure or other similar needs of the Party seeking such records. No such records may be destroyed by a Party (or the Company, as applicable) unless (i) such destruction is in accordance with such Party's corporate information retention and management policy or (ii) the destroying Party sends to the other Party written notice of its (or the Company's, as applicable) intent to destroy such records, specifying in reasonable detail the contents of the records to be destroyed; such records may then be destroyed after the 30th day following receipt of such notice unless the other Party notifies the destroying Party that such other Party desires to obtain possession of such records, in which event the destroying Party shall transfer the records to such requesting Party and such requesting Party shall pay all reasonable expenses of the destroying Party in connection therewith.

(b) From and after the Closing, the Parties shall use reasonable efforts to make available to each other reasonable access during normal business hours and upon reasonable written notice their (and, in the case of the Buyer, the Company's) respective officers, employees and auditors for fact finding, consultation and interviews and as witnesses to the extent that any such person may reasonably be required in connection with any action, suit, inquiry, investigation or proceeding in which the requesting Party may be involved relating to the Company or the conduct of the Company's business as such business was conducted prior to the Closing.

(c) The Buyer agrees that the Buyer will, and will cause the Company to, from and after the Closing, maintain, preserve and assert all attorney-client and other privileges, that relate directly or indirectly to the Company's business for any period prior to the Closing. The Buyer shall not, and shall not permit the Company to, waive any such privilege that could be asserted under applicable law. The rights and obligations created by this Section 6.3(c) shall apply to all information as to which, but for the Closing, the Seller or its Affiliates would have been entitled to assert or did assert such a privilege.

6.4 Employment and Employee Benefit Matters; Other Plans.

(a) Effective as of the Closing, all Company Employees (and their dependents and beneficiaries) shall cease participation in the Seller Plans The Seller shall have no liability or obligation with respect to employee benefits for Company Employees to the extent such

liability or obligation accrues or is incurred or imposed after the Closing Date (except with respect to actions of the Seller under any Seller Plan).

(b) Without limiting any additional rights that any Company Employee may have, the Buyer shall for a period commencing at the Closing and ending on the first anniversary thereof, provide to each Company Employee employee benefits (including the costs to employees with respect to those plans) that in the aggregate are comparable to those benefits provided under the Seller Plans.

(c) As of and after the Closing, the Buyer shall give Company Employees full credit for purposes of eligibility, vesting and benefit accrual, under any employee compensation, incentive, and benefit (including vacation) plans, programs, policies and arrangements maintained for the benefit of Company Employees as of and after the Closing by the Buyer or its subsidiaries for the Company Employees' service with the Company (each, a "Buyer Plan") to the same extent recognized by the Seller immediately prior to the Closing. With respect to each Buyer Plan that is a "welfare benefit plan" (as defined in Section 3(1) of ERISA), the Buyer shall (i) cause there to be waived any pre-existing condition or eligibility limitations and (ii) give effect, in determining any deductible and maximum out-of-pocket limitations, to claims incurred and amounts paid by, and amounts reimbursed to, Company Employees under the Seller Plans immediately prior to the Closing Date.

(d) The Seller shall allow Company Employees to receive a distribution from the Seller's 401(k) Plan, including allowing Company Employees to receive a distribution in cash and loans from the Seller's 401(k) Plan. The Buyer's 401(k) Plan shall permit or be amended to permit the Company Employees to rollover in kind any cash and loans to the plan that are distributed from the Seller's 401(k) Plan. It is the intention of the parties that any Company Employee who rolls over all of his or her account in the Seller's 401(k) Plan to the Buyer's 401(k) Plan not have any portion of any outstanding loan become in default and the parties agree to modify the provisions of this paragraph if necessary to accomplish such result.

(e) As of the Closing Date, the Buyer shall assume the Seller OPEB Liabilities. The Parties acknowledge and agree that the Buyer is not assuming any liabilities, obligations or responsibilities with respect to retired or former employees of the Company. As soon as practicable after the transfer of assets from the Seller Pension to the Buyer Pension pursuant to Section 6.4(f), the Seller shall prepare and deliver to the Buyer a schedule setting forth in reasonable detail, and with reasonable supporting documentation, a calculation of the amount by which two million seven hundred and seventy two thousand dollars (USD) ($2,772,000.00) exceeds the value of the Seller OPEB Liabilities (which amount may be a positive or negative number), determined as of the Closing Date (such amount shall be referred to as the "OPEB Adjustment").

(f) Within ninety (90) days following the Closing Date, the Seller shall cause to be transferred from the Seller's Pension to a pension plan to be established by the Buyer with respect to the Company (the "Buyer's Pension") that portion of the assets and liabilities of the Seller's Pension attributable to the accrued benefits (as defined by the Seller's Pension Plan) of those participants in Seller's Pension who are Company Employees as of the Closing Date. The amount of such assets shall equal the accrued liability as of the Closing Date based on the

assumptions used to determine the "funding target" (using the methodology set forth in Section 430(d)(1) of the Code, assuming that the Seller's Plan is not an at-risk plan), for the Seller's Pension as of January 1, 2012, as certified by the actuaries for Seller's Pension. This asset transfer shall be adjusted from Closing Date to the actual transfer date for passage of time using an assumed annual interest rate of two percent (2%), compounded daily. The Buyer shall cause the Buyer's Pension to be amended to provide for equivalent or better in the aggregate benefits for such affected participants with respect to the transferred liabilities. Buyer and Seller shall each satisfy all applicable notice requirements and required governmental approvals, including, without limitation, filing Forms 5310-A, if applicable, in connection with the transfer of assets and liabilities from Seller's Pension to Buyer's Pension. As soon as practicable after the transfer of assets from the Seller Pension to the Buyer Pension pursuant to this Section 6.4(f), the Seller shall prepare and deliver to the Buyer a schedule setting forth in reasonable detail, and with reasonable supporting documentation, a calculation of the amount by which one million forty six thousand dollars (USD) ($1,046,000.00) exceeds the amount equal to (i) the value of the liabilities transferred from the Seller Pension less (ii) the value of the assets transferred from the Seller Pension (which difference may be a positive or negative number), determined as of the Closing Date (such amount shall be referred to as the "Pension Adjustment Amount" and the sum of the Pension Adjustment Amount and the OPEB Adjustment Amount shall be referred to as the "Pension and OPEB Adjustment"). The method of calculation of the Pension and OPEB Adjustment is set forth on Exhibit D hereto.

(g) With respect to the Flexible Spending Account and Dependent Care Spending Account Plans maintained by the Seller with respect to the Company Employees, the Seller shall transfer to the Buyer all assets and liabilities with respect to Company Employees as of the Closing Date. The Buyer agrees to create or permit its Flexible Spending Account and Dependent Care Spending Account Plans to recognize the net account balances transferred from Seller's plans with respect to each Company Employee which amounts shall be equal to the amounts transferred by the Seller as of the Closing Date. Any claims under such plans incurred but not paid from Seller's plans as of the Closing Date shall be the responsibility of Buyer under Buyer's plans.

(h) The Buyer shall provide health care continuation coverage pursuant to the health care coverage rules under Section 4980B of the Code ("COBRA") and any similar state law to any Company Employees (or dependents thereof) who cease to be employed by the Company on or after the Closing Date.

6.5 Use of United Water Names.

(a) The Buyer shall not adopt any corporate name employing the mark "United Water" or any of the other trademarks, tradenames or service marks of the Seller or the Company (collectively, the "United Water Names"). Effective promptly after Closing, the Buyer shall cause the Company to amend its corporate name, charter documents and applicable business registration and change its URL domain name so as to remove any references to "United Water" and to any other United Water Names.

(b) The Buyer shall not, after the Closing, use or permit the Company or any other Person to use "United Water" or any other United Water Names, including without

limitation, in connection with the operation or disposition, or in connection with any designation, of the Company; provided, however, that the Buyer may permit the Company to (i) utilize and distribute existing inventory of promotional materials, purchase orders, billing invoices and stationery, and the like that are included with the Company assets and that bear a "United Water" or any other United Water Names until such inventory is depleted or until sixty (60) days after the Closing Date (or such later date as the Parties may agree in writing), if earlier, to effectuate an orderly transition of the customer's focus from the Seller to the Buyer; provided that all such materials distributed externally from the Company (whether in hard copy, electronic media or otherwise) shall be appropriately stickered or otherwise marked to indicate the change of ownership of the Company to the Buyer and to indicate that neither the Company nor the Buyer is affiliated with the Seller, such stickers containing appropriate notices that "United Water" is a trademark owned by the Seller and is employed pursuant to a limited license granted by the Seller and (ii) utilize facility signage, vehicle markings and internal documentation bearing a "United Water" or any other United Water Names for a period of sixty (60) days following the Closing Date (or such longer period as the Parties may agree in writing), provided that the Buyer makes good faith efforts to eliminate the use of such United Water Names by the Company as promptly as practicable within such sixty (60) days. If any uses of the United Water Names during the transition periods referred to in this Section 6.5(b) are in material breach any of the obligations set forth in this Section 6.5, the Seller may immediately terminate any further right on the part of the Buyer to permit the use of "United Water" and any other United Water Names. The Buyer acknowledges that such use shall not create in the Buyer's, the Company's or any other Person's favor any right, title or interest in or to the United Water Names or power to transfer, assign or license them in whole or in part.

(c) In addition to the foregoing, for a period of two (2) months from the Closing, the Buyer may permit the Company to make reference in advertising materials to the fact that the Company was formerly known as United Water Arkansas Inc., provided that such materials clearly indicate that the Company is no longer affiliated with the Seller.

(d) The Buyer acknowledges the Seller's claim to ownership of, and exclusive right, title and interest in and to, the United Water Names, and the Buyer shall not use any of such United Water Names or permit others (including without limitation the Company) to use the United Water Names except as expressly permitted by the foregoing paragraph of this Agreement. The Buyer shall not (i) do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of the Seller's claimed ownership of the United Water Names; (ii) take any action which would interfere with the Seller's or any of its Affiliates' registrations or use of any of the United Water Names throughout the world; (iii) take any action which would diminish or dilute the distinctiveness or validity of any of the United Water Names; (iv) challenge United Water's ownership of any of the United Water Names or registration thereof; or (v) attempt to register any of the United Water Names or any mark confusingly similar thereto, alone or in combination with other words or designs, as a trade name, trademark or service mark, in its own name or otherwise.

(e) The Buyer acknowledges and agrees that breach of the provisions of this Section 6.5, or other use of the United Water Names in a fashion not expressly permitted by this Section 6.5 (including any failure to terminate or cause the termination of a use permitted in this Section immediately upon the expiration of the transition period) will cause irreparable harm to

the Seller. Neither damages nor an action at law would be an adequate remedy for such breach or unauthorized use. Accordingly, in the event of any such breach, unauthorized use or any threat of same, the Seller shall, in addition to all other remedies that may be available to it and without any requirement to post a bond, be entitled to relief in equity (including a temporary restraining order, temporary or prohibitory injunction, and permanent mandatory or prohibitory injunction) to restrain and prohibit the continuation of any such breach or unauthorized use and to compel compliance with the provisions of this Agreement and to restrain and prohibit the threatened breach or unauthorized use.

(f) To the extent there is a conflict between this Section 6.5 and any other provision of this Agreement, or of any provision of any other prior or contemporaneous agreement between Buyer and Seller, which relates to the use of trademarks, tradenames, service marks or domain names, the terms of this Section 6.5 shall take precedence over any such conflicting provision.

ARTICLE VII

INDEMNIFICATION

7.1 Indemnification by the Seller. The Seller shall indemnify the Buyer in respect of, and hold the Buyer harmless against, Damages incurred or suffered by the Buyer or any Affiliate thereof resulting from, relating to or constituting, except to the extent included in Target Working Capital or Final Working Capital:

(a) any breach of any representation or warranty of the Seller contained in this Agreement or any other agreement or instrument furnished by the Seller to the Buyer pursuant to this Agreement; or

(b) any failure to perform any covenant or agreement of the Seller contained in this Agreement or any agreement or instrument furnished by the Seller to the Buyer pursuant to this Agreement.

Notwithstanding any provision to the contrary in this Agreement, the Seller shall have no obligation to indemnify the Company, the Buyer or any Affiliate thereof pursuant to this Section 7.1 or any other provision of the Agreement for any loss, claim, liability, expense, Damages or other damages attributable to Taxes resulting from (i) an actual or deemed election under Section 338 of the Code with respect to the Buyer's purchase of the Shares; or (ii) any transaction of the Company occurring on the Closing Date but after the Closing that is not in the Ordinary Course of Business.

7.2 Indemnification by the Buyer. The Buyer shall indemnify the Seller in respect of, and hold it harmless against, any and all Damages incurred or suffered by the Seller resulting from, relating to or constituting:

(a) any breach of any representation or warranty of the Buyer contained in this Agreement or any other agreement or instrument furnished by the Buyer to the Seller pursuant to this Agreement; or

(b) any failure to perform any covenant or agreement of the Buyer contained in this Agreement or any other agreement or instrument furnished by the Buyer to the Seller pursuant to this Agreement.

7.3 Indemnification Claims.

(a) An Indemnified Party shall give written notification to the Indemnifying Party of the commencement of any Third Party Action. Such notification shall be given within 20 days after receipt by the Indemnified Party of notice of such Third Party Action, and shall describe in reasonable detail (to the extent known by the Indemnified Party) the facts constituting the basis for such Third Party Action and the amount of the claimed Damages; provided, however, that no delay or failure on the part of the Indemnified Party in so notifying the Indemnifying Party shall relieve the Indemnifying Party of any liability or obligation hereunder except, and solely, to the extent of any damage or liability caused by or arising out of such delay or failure. Within 20 days after delivery of such notification, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, assume control of the defense of such Third Party Action with counsel reasonably satisfactory to the Indemnified Party; provided that (i) the Indemnifying Party may only assume control of such defense if (A) it acknowledges in writing to the Indemnified Party that any Damages, fines, costs or other liabilities that may be assessed against the Indemnified Party in connection with such Third Party Action constitute Damages for which the Indemnified Party shall be indemnified pursuant to this Article VII and (B) the ad damnum is less than or equal to the amount of Damages for which the Indemnifying Party is liable under this Article VII and (ii) the Indemnifying Party may not assume control of the defense of Third Party Action involving criminal liability or in which equitable relief is sought against the Indemnified Party. If the Indemnifying Party does not, or is not permitted under the terms hereof to, so assume control of the defense of a Third Party Action, the Indemnified Party shall control such defense. The Non-controlling Party may participate in such defense at its own expense. The Controlling Party shall keep the Non-controlling Party advised of the status of such Third Party Action and the defense thereof and shall consider in good faith recommendations made by the Non-controlling Party with respect thereto. The Non-controlling Party shall furnish the Controlling Party with such information as it may have with respect to such Third Party Action (including copies of any summons, complaint or other pleading which may have been served on such Party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and shall otherwise cooperate with and assist the Controlling Party in the defense of such Third Party Action. The fees and expenses of counsel to the Indemnified Party with respect to a Third Party Action shall be considered Damages for purposes of this Agreement if (i) the Indemnified Party controls the defense of such Third Party Action pursuant to the terms of this Section 7.3(a) or (ii) the Indemnifying Party assumes control of such defense and the Indemnified Party reasonably concludes that the Indemnifying Party and the Indemnified Party have conflicting interests or different defenses available with respect to such Third Party Action. The Indemnifying Party shall not agree to any settlement of, or the entry of any judgment arising from, any Third Party Action without the prior written consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed. The Indemnified Party shall not agree to any settlement of, or the entry of any judgment arising from, any such Third Party Action without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, conditioned or delayed.

(b) In order to seek indemnification under this Article VII, an Indemnified Party shall deliver a Claim Notice to the Indemnifying Party.

(c) Within 20 days after delivery of a Claim Notice, the Indemnifying Party shall deliver to the Indemnified Party a Response, in which the Indemnifying Party shall: (i) agree that the Indemnified Party is entitled to receive all of the Claimed Amount (in which case, unless instructed otherwise by the Indemnified Party, the Response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Claimed Amount, by check or by wire transfer); (ii) agree that the Indemnified Party is entitled to receive the Agreed Amount (in which case, unless instructed otherwise by the Indemnified Party, the Response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Agreed Amount, by check or by wire transfer); or (iii) dispute that the Indemnified Party is entitled to receive any of the Claimed Amount.

(d) During the 30-day period following the delivery of a Response that reflects a Dispute, the Indemnifying Party and the Indemnified Party shall use good faith efforts to resolve the Dispute. If the Dispute is not resolved within such 30-day period, the Indemnifying Party and the Indemnified Party shall discuss in good faith the submission of the Dispute to binding arbitration, and if the Indemnifying Party and the Indemnified Party agree in writing to submit the Dispute to such arbitration, then the arbitration shall be conducted by a single arbitrator in Wilmington, Delaware in accordance with the Commercial Arbitration Rules of the AAA in effect from time to time.

7.4 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties that are covered by the indemnification agreements in Section 7.1(a) and Section 7.2(a) shall (a) survive the Closing and (b) shall expire fifteen (15) months after the Closing Date, except that the representations and warranties set forth in Sections 2.1, 2.2, 2.3, 3.1, 3.2, 3.6, 3.7 and 3.8 shall survive the Closing without limitation. None of the covenants or other agreements contained in this Agreement shall survive the Closing Date other than those which by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms. No claim for indemnification may be asserted against either Party for breach of any representation, warranty, covenant or agreement contained herein, unless a Claim Notice with respect to such claim is received by such Party on or prior to the date on which the representation, warranty, covenant or agreement on which such claim is based ceases to survive as set forth in this Section 7.4. Notwithstanding the immediately preceding sentence, if an Indemnified Party delivers to an Indemnifying Party, before expiration of the applicable survival period, either a Claim Notice based upon a breach of such representation, warranty, covenant or agreement, or an Expected Claim Notice based upon a breach of such representation, warranty, covenant or agreement, then the applicable representation, warranty, covenant or agreement shall survive until, but only for purposes of, the resolution of the matter covered by such notice. If the legal proceeding or written claim with respect to which an Expected Claim Notice has been given is definitively withdrawn or resolved in favor of the Indemnified Party, the Indemnified Party shall promptly so notify the Indemnifying Party.

7.5 Limitations.

(a) Notwithstanding anything to the contrary herein, (i) the aggregate liability of the Seller for Damages under this Article VII shall not exceed ten percent (10%) of the Adjusted Purchase Price, and (ii) the Seller shall be liable for only that portion of the aggregate Damages under this Article VII for which it would otherwise be liable which exceeds seven hundred and fifty thousand dollars ($750,000); provided that the limitations set forth in this sentence shall not apply to a claim pursuant to Section 7.1(a) relating to a breach of the representations and warranties set forth in Sections 2.1, 2.2 or 2.3. For the avoidance of doubt, the limitations set forth in the immediately preceding sentence shall not apply to any adjustment of the purchase price pursuant to Section 1.4.

(b) Except with respect to claims based on fraud, the rights of the Indemnified Parties under this this Article VII shall be the exclusive remedy of the Indemnified Parties with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement, the Disclosure Schedule or any certificate, instrument or agreement delivered pursuant to this Agreement, or otherwise arising out of or related to the subject matter of this Agreement or the transactions contemplated by this Agreement.

(c) With respect to an indemnity under Section 7.1 relating to a breach of a representation or warranty in Section 2.7, and in addition to the other applicable limitations as set forth herein, (A) the reduction or use of any Tax attribute by the Company in a taxable period (or portion thereof) ending on or prior to the Closing Date shall not constitute indemnifiable Damages, and (B) the Buyer's right to indemnification for Damages with respect to Taxes shall be limited to Taxes attributable to (i) a taxable period (or portion thereof) ending on or prior to the Closing Date and (ii) with respect to taxable periods (or portions thereof) beginning on or before the Closing Date and ending after the Closing Date, the portion of such taxable period deemed to end on the Closing Date in accordance with Section 6.1(d).

(d) Neither Party shall be liable under this Article VII for any Damages based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of such Party contained in this Agreement if the Party claiming the right to indemnification hereunder had knowledge of such inaccuracy or breach prior to the Closing.

7.6 Treatment of Indemnity Payments.

(a) Any payments made to an Indemnified Party pursuant to this Article VII shall be treated as an adjustment to the Adjusted Purchase Price for Tax purposes.

(b) Payments by Seller hereunder shall be limited to the amount of any liability or damage that remains after deducting therefrom (i) any Tax benefit realizable by the Buyer or the Company by reason of the deductibility of such liability or damage (determined by multiplying such deductible amount by the then applicable highest effective corporate income tax rate), and any deferred Tax benefit attributable to such liability or damage (determined on the same basis but present valued to the extent obtained through depreciation or amortization

deductions) and (ii) any indemnity, contribution or other similar payment recoverable by the Buyer from any third party with respect thereto.

7.7 Subrogation. Upon payment of any indemnification claim to a Party, the Indemnifying Party shall be subrogated to the extent of such payment to the rights of the Indemnified Party against any other Person with respect to the subject matter of such claim except that neither Party shall be subrogated to claims of any nature against the other Party's insurance carrier.

7.8 Assignment. Notwithstanding anything to the contrary in this Agreement, to the extent that the Indemnifying Party has paid indemnity claims to or on behalf of the Indemnified Party, the Indemnified Party shall assign to the Indemnifying Party (as its interest may appear) the remedies, rights and claims, if any, of the Indemnified Party against any and all third parties for such Damages, including remedies, rights and claims against any other Person which has indemnified the Indemnified Party for such Damages, except that neither Party shall be subrogated to claims of any nature against the other Party's insurance carrier. The Parties shall cooperate in the pursuit of any such remedies, rights and claims.

7.9 No Guarantee of Future Profits. Each Party acknowledges that the other Party, including as an Indemnifying Party, does not guarantee any future profits, revenues or operating performance of the Indemnified Party.

7.10 Incidental, Consequential and Punitive Damages. Notwithstanding anything to the contrary contained in this Agreement, the Indemnifying Party shall have no indemnity obligations hereunder for incidental, special, consequential or punitive Damages or claims for lost profits. Each Party hereby irrevocably waives all rights to claim incidental, special, consequential and punitive Damages and claims for lost profits from the other Party.

7.11 Mitigation. The Indemnified Party hereunder shall act reasonably and in good faith to mitigate Damages pursuant to this Article VII, and any and all other Damages.

ARTICLE VIII

TERMINATION

8.1 Termination of Agreement. The Parties may terminate this Agreement prior to the Closing, as provided below:

(a) at any time by mutual written consent;

(b) the Buyer may terminate this Agreement by giving written notice to the Seller in the event the Seller is in breach of any representation, warranty or covenant contained in this Agreement, and such breach, individually or in combination with any other such breach, (i) would cause the conditions set forth in Sections 5.2(b) and 5.2(c) not to be satisfied and (ii) is not cured within 30 days following receipt by the Seller of written notice of such breach, setting forth the same with specificity;

(c) the Seller may terminate this Agreement by giving written notice to the Buyer in the event the Buyer is in breach of any representation, warranty or covenant contained in this Agreement, and such breach, individually or in combination with any other such breach, (i) would cause the conditions set forth in Sections 5.3(b) and 5.3(c) not to be satisfied and (ii) is not cured within 30 days following delivery by the Seller to the Buyer of written notice of such breach;

(d) by either Party if the Closing has not occurred (other than through the failure of such Party to comply fully with its obligations under this Agreement) on or before March 31, 2013, or such later date as the Parties may mutually agree upon.

8.2 Effect of Termination. If this Agreement is terminated pursuant to Article VIII, all obligations of the Parties hereunder shall terminate without any liability of either Party to the other Party (except for any liability of a Party for breaches of this Agreement). Notwithstanding the balance of this Section 8.2, the obligations of the Parties under Article X and this Section 8.2, and any confidentiality or non-disclosure agreement between the Parties, shall survive any termination of this Agreement.

ARTICLE IX

DEFINITIONS

For purposes of this Agreement, each of the following terms shall have the meaning set forth below.

"AAA" shall mean the American Arbitration Association.

"Accounting Firm" shall have the meaning set forth in Section 1.4(b) of this Agreement.

"ADIT Adjustment" shall have the meaning set forth in Section 1.4(c) of this Agreement.

"ADIT Amount" shall have the meaning set forth in Section 1.4(c) of this Agreement.

"Adjusted Purchase Price" shall have the meaning set forth in Section 1.4(c) of this Agreement.

"Affiliate" shall mean any affiliate, as defined in Rule 12b-2 under the Securities Exchange Act of 1934.

"Agreed Amount" shall mean part, but not all, of the Claimed Amount, as agreed in writing by the Parties.

"Buyer" shall have the meaning set forth in the first paragraph of this Agreement.

"Buyer Certificate" shall mean a certificate to the effect that each of the conditions specified in clauses (a) through (d) (insofar as clause (d) relates to Legal Proceedings involving the Buyer) of Section 5.3 is satisfied in all respects.

"Buyer's Pension" shall have the meaning set forth in Section 6.4(f) of this Agreement.

"Buyer Plan" shall have the meaning set forth in Section 6.4(c) of this Agreement.

"CapEx Adjustment" shall mean an amount equal to: (a) the total amount of capital invested by the Company in the Ordinary Course of Business (net of contributions in aid of construction) between the date of this Agreement and the Closing Date, which investments are completed or reasonably progressed as of the Closing Date, minus (b) an amount equal to $125,000 multiplied by the number of calendar months (prorated for partial months) between the date of this Agreement and the Closing Date, minus (c) an amount equal to the value of those assets, as set forth on the balance sheet of the Company as of the Closing Date, which have been allocated to the Company on such balance sheet but in which the Company will not have any rights or ownership interests following the Closing. For clarity, those assets set forth on Section 2.10 of the Disclosure Schedule shall not result in a CapEx Adjustment but are assets to which the Company shall have continuing access, use and enjoyment pursuant to the Continuing Services Agreement. It is acknowledged that the CapEx Adjustment may be a positive or negative number.

"CERCLA" shall mean the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Claim Notice" shall mean written notification which contains (i) a description of the Damages incurred or reasonably expected to be incurred by the Indemnified Party and the Claimed Amount of such Damages, to the extent then known, (ii) a statement that the Indemnified Party is entitled to indemnification under Article VII for such Damages and a reasonable explanation of the basis therefor, and (iii) a demand for payment in the amount of such Damages.

"Claimed Amount" shall mean the amount of any Damages incurred or reasonably expected to be incurred by the Indemnified Party.

"Closing" shall mean the closing of the transactions contemplated by this Agreement.

"Closing Date" shall mean the date two business days after the satisfaction or waiver of all of the conditions to the obligations of the Parties to consummate the transactions contemplated hereby (excluding the delivery at the Closing of any of the documents set forth in Article V), or such other date as may be mutually agreeable to the Parties.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Company Employees" shall have the meaning set forth in Section 2.16(a) of this Agreement.

"Company Material Adverse Effect" shall mean any event, occurrence, fact, condition or change that individually or in the aggregate, has resulted or would result in liability to the Company or diminution in the value of the Company (including but not limited to, as a result of a diminution of the revenues, earnings or net asset value of the Company) of at least an amount equal to ten percent (10%) of the Initial Purchase Price; provided, however, that "Company Material Adverse Effect" shall not include any event, occurrence, fact, condition or change directly or indirectly arising out of or attributable to (i) any changes, conditions or effects in the

United States economies or securities or financial markets in general; (ii) any changes, conditions or effects that affect the industries in which the Company operates; (iii) any change, effect or circumstance resulting from an action required or permitted by this Agreement; (iv) any matter of which Buyer is aware on the date hereof; (v) the effect of any changes in applicable laws, regulations or accounting rules, including GAAP; (vi) any change, effect or circumstance resulting from the announcement of this Agreement or (vii) any conditions caused by acts of terrorism or war (whether or not declared) or any natural or man-made disaster or acts of God. The terms "material", "materially" or "materiality" as used in this Agreement with an initial lower case "m" shall have their respective customary and ordinary meanings, without regard to the meaning ascribed to Company Material Adverse Effect.

"Continuing Services Agreement" shall have the meaning set forth in Section 4.6.

"Controlling Party" shall mean the Party controlling the defense of any Third Party Action.

"Damages" shall mean any and all debts, obligations and other liabilities, diminution in value, monetary damages, fines, fees, penalties, interest obligations, deficiencies, losses and expenses (including amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys, accountants, financial advisors and other experts, and other expenses of litigation).

"Disclosure Schedule" shall mean the disclosure schedule provided by the Seller to the Buyer on the date hereof.

"Discussion Period" shall have the meaning set forth in Section 1.4(b) of this Agreement.

"Dispute" shall mean the dispute resulting if the Indemnifying Party in a Response disputes its liability for all or part of the Claimed Amount.

"Dispute Notice" shall have the meaning set forth in Section 1.4(b) of this Agreement.

"Employee Benefit Plan" shall mean any "employee pension benefit plan" (as defined in Section 3(2) of ERISA), any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and any other written or oral plan, agreement or arrangement involving direct or indirect compensation, including insurance coverage, severance benefits, disability benefits, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement compensation.

"Encumbrance" shall mean any mortgage, pledge, security interest, encumbrance, charge or other lien (whether arising by contract or by operation of law), other than (i) statutory liens imposed by law for Taxes that are not yet due and payable, or are being contested in good faith by appropriate procedures (ii) landlords', carriers', vendors', warehousemen's, mechanics', materialmen's, repairmen's or other like liens, (iii) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security laws, (iv) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of like nature, (v) liens arising under original

purchase price conditional sales contracts and equipment leases and (vi) easements, rights-of-way, restrictions and other similar encumbrances which do not, individually or in the aggregate, materially interfere with the use or marketability of the relevant assets.

"Environmental Law" shall mean any federal, state or local law, statute, rule, order, directive, judgment, Permit or regulation or the common law relating to the protection of the environment, the use of surface water or groundwater resources, occupational health and safety, or exposure of persons or property to Materials of Environmental Concern, including any statute, regulation, administrative decision or order pertaining to: (i) the presence of or the treatment, storage, disposal, generation, transportation, handling, distribution, manufacture, processing, use, import, export, labeling, recycling, registration, investigation or remediation of Materials of Environmental Concern or documentation related to the foregoing; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release, threatened release, or accidental release into the environment, the workplace or other areas of Materials of Environmental Concern, including emissions, discharges, injections, spills, escapes or dumping of Materials of Environmental Concern; (v) transfer of interests in or control of real property which may be contaminated; (vi) community or worker right-to-know disclosures with respect to Materials of Environmental Concern; (vii) the protection of wildlife, marine life and wetlands, and endangered and threatened species; (viii) storage tanks, vessels, containers, abandoned or discarded barrels and other closed receptacles; and (ix) health and safety of employees and other persons. As used above, the term "release" shall have the meaning set forth in CERCLA.

"EPA" shall mean the United States Environmental Protection Agency.

"EPA Agreement" shall mean the Interim Administrative Agreement, effective February 28, 2012, by and between United Water Environmental Services Inc. and certain of its affiliates and the EPA.

"EPA Finding" shall mean a finding by the EPA that the transactions contemplated by this Agreement constitute an "arm's length transaction" for the purpose of the EPA Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean any entity which is, or at any applicable time was, a member of (1) a controlled group of corporations (as defined in Section 414(b) of the Code), (2) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), or (3) an affiliated service group (as defined under Section 414(m) of the Code or the regulations under Section 414(o) of the Code), any of which includes or included the Seller.

"Expected Claim Notice" shall mean a notice that, as a result of a Legal Proceeding instituted by or written claim made by a third party, an Indemnified Party reasonably expects to incur Damages for which it is entitled to indemnification under Article VII.

"Final Working Capital" shall have the meaning set forth in Section 1.4(a) of this Agreement.

"Final Working Capital Closing Date Calculation" shall have the meaning set forth in Section 1.4(a) of this Agreement.

"Financial Statements" shall mean:

(a) the unaudited balance sheets and unaudited statements of income and changes in stockholders' equity of the Company as of the end of and for each of the last three fiscal years, and

(b) the Most Recent Balance Sheet and the unaudited statements of income and changes in stockholders' equity for the 3 months ended as of the Most Recent Balance Sheet Date.

"GAAP" shall mean United States generally accepted accounting principles as in effect from time to time.

"Governmental Entity" shall mean any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency.

"Indemnified Party" shall mean a Party entitled, or seeking to assert rights, to indemnification under Article VII of this Agreement.

"Indemnifying Party" shall mean the Party from whom indemnification is sought by the Indemnified Party.

"Initial Purchase Price" shall have the meaning set forth in Section 1.2 of this Agreement.

"Intellectual Property" shall mean all:

(a) patents, patent applications, patent disclosures and all related continuation, continuation-in-part, divisional, reissue, reexamination, utility model, certificate of invention and design patents, patent applications, registrations and applications for registrations;

(b) trademarks, service marks, trade dress, Internet domain names, logos, trade names and corporate names and registrations and applications for registration thereof;

(c) copyrights and registrations and applications for registration thereof;

(d) mask works and registrations and applications for registration thereof;

(e) computer software, data and documentation;

(f) inventions, trade secrets and confidential business information, whether patentable or nonpatentable and whether or not reduced to practice, know-how, manufacturing and product processes and techniques, research and development information, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information;

(g) other proprietary rights relating to any of the foregoing (including remedies against infringements thereof and rights of protection of interest therein under the laws of all jurisdictions); and

(h) copies and tangible embodiments thereof.

"Legal Proceeding" shall mean any action, suit, proceeding, claim, arbitration or investigation before any Governmental Entity or before any arbitrator.

"Materials of Environmental Concern" shall mean any: pollutants, contaminants or hazardous substances (as such terms are defined under CERCLA), pesticides (as such term is defined under the Federal Insecticide, Fungicide and Rodenticide Act), solid wastes and hazardous wastes (as such terms are defined under the Resource Conservation and Recovery Act), chemicals, other hazardous, radioactive or toxic materials, oil, petroleum and petroleum products (and fractions thereof), or any other material (or article containing such material) listed or subject to regulation under any law, statute, rule, regulation, order, Permit, or directive due to its potential, directly or indirectly, to harm the environment or the health of humans or other living beings.

"Most Recent Balance Sheet" shall mean the unaudited balance sheet of the Company as of the Most Recent Balance Sheet Date.

"Most Recent Balance Sheet Date" shall mean March 31, 2012.

"Non-controlling Party" shall mean the Party not controlling the defense of any Third Party Action.

"OPEB Adjustment" shall have the meaning set forth in Section 6.4(e) of this Agreement.

"Ordinary Course of Business" shall mean the ordinary course of business consistent with past custom and practice (including with respect to frequency and amount).

"Owned Real Property" shall mean each item of real property owned by the Company.

"Parties" shall mean the Buyer and the Seller.

"Permits" shall mean all permits, licenses, registrations, certificates, orders, approvals, franchises, variances and similar rights issued by or obtained from any Governmental Entity (including those issued or required under Environmental Laws and those relating to the occupancy or use of owned or leased real property).

"Pension Adjustment" shall have the meaning set forth in Section 6.4(f) of this Agreement.

"Pension and OPEB Adjustment" shall have the meaning set forth in Section 6.4(f) of this Agreement.

"Person" shall mean any natural person, corporation, limited liability company, trust,

joint venture, association, company, partnership, Governmental Entity or other entity.

"Pre-Closing Period" shall mean those taxable periods ending on or before the Closing Date.

"Pre-Closing Period Tax Returns" shall mean all Tax Returns required to be filed by the Company for all Pre-Closing Periods.

"PSC" shall mean the Arkansas Public Service Commission.

"PSC Approval" shall mean the final and non-appealable approval of the PSC (either because the statutorily-prescribed deadline for seeking rehearing or appeal of such order has passed and no rehearing or appeal has been sought, or any such rehearing or appeal has been disposed of), pursuant to the laws and rules applicable to such transactions, of a change of control of the Company with respect to (i) the legal, technical, managerial, and financial qualifications of the Buyer and (ii) the ability of the Buyer to provide safe, adequate, and reliable service to the public through the Company's plant, equipment and manner of operation.

"Reasonable Best Efforts" shall mean commercially reasonable efforts undertaken diligently and in good faith.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Materials of Environmental Concern (including the abandonment or discarding of drums, containers or other closed receptacles containing any Materials of Environmental Concern) into the indoor or outdoor environment.

"Response" shall mean a written response containing the information provided for in Section 7.3(c).

"Seller" shall have the meaning set forth in the first paragraph of this Agreement.

"Seller Certificate" shall mean a certificate to the effect that each of the conditions specified in clauses (a) through (c) of Section 5.2 is satisfied in all material respects.

"Seller OPEB Liabilities" shall mean the Seller's liabilities, obligations and responsibilities to provide the same post-retirement medical benefits and life insurance benefits to each Company Employee that the Seller provided immediately before the Closing Date.

"Seller Plan" shall mean any Employee Benefit Plan maintained, or contributed to, by the Seller, any Subsidiary or any ERISA Affiliate providing benefits for Company Employees.

"Seller's 401(k)" shall have the meaning set forth in Section 2.17(c) of this Agreement

"Seller's Pension" shall mean the United Water Sources Inc. Retirement Plan.

"Straddle Period" shall mean any taxable period that begins on or before the Closing

Date and that ends after the Closing Date.

"Straddle Period Tax Returns" shall mean all Tax Returns required to be filed by the Company for all Straddle Periods.

"Subsidiary" shall mean, with respect to an entity, any corporation, partnership, trust, limited liability company or other non-corporate business enterprise in which such entity (or a Subsidiary of such entity) holds stock or other ownership interests representing (a) more than 50% of the voting power of all outstanding stock or ownership interests of such entity or (b) the right to receive more than 50% of the net assets of such entity available for distribution to the holders of outstanding stock or ownership interests upon a liquidation or dissolution of such entity.

"Tantera Agreement" shall have the meaning set forth in Section 2.12 of this Agreement.

"Target Working Capital" shall mean an amount equal to the average working capital of the Company for the previous three years for the month in which the Closing occurs. By way of example, if the Closing Date is November 30, 2012, the Target Working Capital shall be an amount equal to the average of the working capital of the Company for November 2011, November 2010 and November 2009.

"Taxes" shall mean all taxes, charges, fees, levies or other similar assessments or liabilities, including income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, unemployment, insurance, social security, business license, business organization, environmental, workers compensation, payroll, profits, license, lease, service, service use, severance, stamp, occupation, windfall profits, customs, duties, franchise and other taxes imposed by the United States of America or any state, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof.

"Tax Asset" shall have the meaning set forth in Section 6.1(f).

"Tax Authority" shall mean any governmental agency, board, bureau, body, department or authority of any United States federal, state or local jurisdiction or any foreign jurisdiction, having or purporting to exercise jurisdiction with respect to any Tax.

"Tax Contest" shall have the meaning set forth in Section 6.1(c)of this Agreement.

"Third Party Action" shall mean any suit or proceeding by a Person other than a Party for which indemnification may be sought by a Party under Article VII.

"Tax Returns" shall mean all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with Taxes.

"United Water Names" shall have the meaning set forth in Section 6.5(a).

"Water Systems" shall mean water supply wells, pumps, pump houses, treatment works, easements, rights-of-way for which the Company is grantee, water mains, water service extensions from water service main to curb valves, shut-off valves, lines, pipes, pipe fittings, meters, and other water distribution assets owned by the Company and set forth on Section 2.22 of the Disclosure Schedule.

ARTICLE X

MISCELLANEOUS

10.1 Confidentiality. Neither Party shall announce, disclose or publicize the terms of this Agreement or the transactions contemplated by this Agreement to any Person except (i) the accountants, attorneys and other professional advisors of such Party; (ii) to the PSC in connection with the PSC Approval or to any regulatory authority or examiner; (iii) as required to perform any obligation under this Agreement, provided such Party informs the Person receiving such disclosure of the confidentiality of the terms of this Agreement and the transactions contemplated hereby; (iv) with the prior written consent of the other Party, which consent shall not be unreasonably conditioned, delayed or withheld; (v) as required by applicable law, rule or regulation, in which case the disclosing Party shall use reasonable efforts to advise the other Party and provide it with a copy of, and shall use good faith efforts to give the other Party the opportunity to comment on, the proposed disclosure prior to making such disclosure.

10.2 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

10.3 Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, with respect to the subject matter hereof.

10.4 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Neither Party may assign either this Agreement (whether by contract, operation of law or otherwise) or any of its rights, interests, or obligations hereunder without the prior written approval of the other Party.

10.5 Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

10.6 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

10.7 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

If to the Seller:

c/o United Water Management and Services Inc.
200 Old Hook Road
Harrington Park, NJ 07640
Attn: General Counsel

Copy (which shall not constitute notice) to:

Robinson & Cole LLP
1055 Washington Boulevard
Stamford, CT 06901-2249
Attn: Eric J. Dale, Esq.
Email: edale@rc.com
Facsimile: 203-462-7599
Attn: David Bogan, Esq.
Email: dbogan@rc.com
Facsimile: 860-275-8299

If to the Buyer:

Liberty Utilities Inc.
c/o Algonquin Power & Utilities
2645 Bristol Circle, Oakville ON
Attn: General Counsel

Copy (which shall not constitute notice) to:

Mitchell Williams Selig Gates & Woodyard P.L.L.C.
425 W. Capitol Ave., Ste. 1800
Little Rock, AR 72201
Attn: Ark Monroe, III
Email: amonroe@mwlaw.com
Facsimile: 501-918-7833

Either Party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, nationally recognized overnight courier, messenger service, facsimile, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the Party for whom it is intended. Either Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

10.8 Governing Law. This Agreement (including the validity and applicability of the arbitration provisions of this Agreement, the conduct of any arbitration of a Dispute, the enforcement of any arbitral award made hereunder and any other questions of arbitration law or procedure arising hereunder) shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

10.9 Amendments and Waivers. This Agreement may be amended through a writing signed by all of the Parties. No amendment of any provision of this Agreement shall be valid

unless the same shall be in writing and signed by each of the Parties. No waiver by either Party of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver. No waiver by either Party with respect to any default, misrepresentation, or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

10.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

10.11 Expenses. Except as set forth in Section 4.2(a) and Article VII, each Party shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

10.12 Submission to Jurisdiction. Subject to Section 7.3(d), each Party (a) irrevocably submits to the sole and exclusive jurisdiction of the state and federal courts located in Wilmington, Delaware in any action or proceeding arising out of or relating to this Agreement (including any action for the enforcement of any arbitral award made in connection with any arbitration of a Dispute hereunder), (b) agrees that all claims in respect of such action or proceeding may be heard and determined in that court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement or in any other court and (e) waives any right it may have to a trial by jury with respect to any action or proceeding arising out of or relating to this Agreement; provided in each case that, solely with respect to any arbitration of a Dispute, the arbitrator shall resolve all threshold issues relating to the validity and applicability of the arbitration provisions of this Agreement, contract validity, applicability of statutes of limitations and issue preclusion, and such threshold issues shall not be heard or determined by such court. Each Party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 10.7, provided that nothing in this Section 10.12 shall affect the right of either Party to serve such summons, complaint or other initial pleading in any other manner permitted by law.

10.13 Specific Performance. Each Party acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each Party agrees that the other Party shall be entitled to an injunction or other equitable relief to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or

any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

10.14 Construction.

(a) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party.

(b) Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(c) Any reference herein to "including" shall be interpreted as "including without limitation".

(d) Any reference to any Article, Section or paragraph shall be deemed to refer to an Article, Section or paragraph of this Agreement, unless the context clearly indicates otherwise.

[signature page follows]

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

LIBERTY UTILITIES INC.

By:_____
Name: Ian Robertson
Title: Chief Executive Officer

By:_____
Name: David Bronicheski
Title: Chief Financial Officer

UNITED WATERWORKS INC.

By:_____
Name: Dennis L. Ciemniecki
Title: Chief Operating Officer

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

LIBERTY UTILITIES INC.

By:_____
Name: Ian Robertson
Title: Chief Executive Officer

By:_____
Name: David Bronicheski
Title: Chief Financial Officer

UNITED WATERWORKS INC.

By:_____
Name: Dennis L. Ciemniecki
Title: Chief Operating Officer

Schedule II

Knowledge

Dennis L. Ciemniecki, President

Greg Wyatt, Vice President

Philippe Dartienne, Senior Vice President, Finance

Michael Algranati, Treasurer

John T. Dillon, Jr – Secretary

James Cagle – Vice President, Regulatory Business

Exhibit A

USD	Balance at closing
Working Capital	
Customer Accounts Receivable Billing System	
Accounts Receivable-Other	
Accounts receivable - M&J billed	
Provision for Uncollectible Accounts (Cr)	
Unbilled Revenue	
Materials & supplies inventory	
Prepaid expenses	
Other current assets	
Subtotal current assets	$ -
Accounts payable	
Customer deposits	
Property taxes Accrued	
Franchise taxes Accrued	
Federal Income Tax Accrued	
State Income Tax Accrued	
FICA Tax Accrued	
Federal Unemployment Tax Accrued	
State Unemployment Tax Accrued	
Sales & Use Taxes Accrued	
Other Accrued Taxes	
Accrued - Payroll	
Accrued - Power	
Accrued - Purchased Water	
Accrued UBS Charges	
Accrued - Vacation	
Unearned Revenue	
Accrued Other	
Subtotal current liabilities	$ -
Net Working Capital = current assets -current liabilities	$ -
Target Working Capital	
Purchase price adjustment (Net Working Capital - Target Working Capital)	$ -

Working Capital Calculation
in USD

2009 Working Capital

	1/31/2009	2/28/2009	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009
Customer Accounts Receivable Billing System	903,525	539,391	631,037	781,118	1,092,987	1,356,799	1,521,322	1,810,328	2,061,208	378,123	1,088,129	204,906
Accounts Receivable-Other	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable - M&J billed	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Uncollectible Accounts (Cr)	(23,500)	(23,500)	(23,500)	(23,500)	(23,500)	(23,900)	(23,900)	(23,900)	(23,900)	(23,900)	(22,900)	(22,900)
Unbilled Revenue	467,807	478,011	489,444	527,152	516,436	521,310	543,297	553,359	534,800	514,643	525,522	474,686
Materials & supplies inventory	276,936	279,143	301,981	325,511	304,777	304,982	317,393	367,296	339,606	310,177	312,031	306,068
Prepaid expenses	(673)	(1,346)	(2,019)	4,048	(3,365)	(4,039)	2,808	2,247	1,685	1,123	562	-
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	**1,624,095**	**1,271,699**	**1,396,943**	**1,614,329**	**1,887,335**	**2,155,152**	**2,360,921**	**2,709,330**	**2,913,399**	**1,180,167**	**1,903,344**	**962,761**
Accounts payable	689,087	603,045	718,154	643,326	687,561	726,844	740,684	818,390	858,930	644,965	678,995	753,187
Customer deposits	70,539	70,407	70,247	69,830	69,810	69,810	69,810	69,810	69,810	69,810	69,744	69,744
Property Taxes Accrued	259,504	278,504	237,694	256,694	275,694	294,694	253,884	272,884	172,263	191,263	210,263	229,263
Franchise taxes Accrued	23,654	46,978	46,770	23,373	23,398	23,506	23,653	23,756	23,464	23,543	23,283	22,894
Federal Income Tax Accrued	596,577	635,114	654,134	672,598	657,919	787,883	840,003	939,840	872,884	849,870	357,541	378,396
State Income Tax Accrued	14,934	25,469	15,710	(14,013)	(9,397)	(24,995)	(15,573)	2,480	(10,698)	(16,889)	(8,776)	(30,585)
FICA Tax Accrued	7,359	7,212	13,080	9,188	9,691	8,575	7,251	7,474	9,441	9,559	7,994	6,792
Federal Unemployment Tax Accrued	766	614	317	26	(0)	8	23	51	45	43	4	22
State Unemployment Tax Accrued	2,825	2,880	2,944	950	318	31	93	204	179	199	86	116
Sales & Use Taxes Accrued	26,418	23,026	20,280	27,296	25,148	26,054	28,166	28,527	16,032	20,500	18,781	21,905
Other Accrued Taxes	(6,281)	(4,790)	(3,258)	(1,736)	(214)	1,345	2,976	(10,298)	(9,038)	(8,129)	(6,949)	(5,851)
Accrued - Payroll	101,717	99,905	111,335	131,896	131,178	80,578	104,342	109,835	119,938	130,573	73,227	30,431
Accrued - Power	69,236	69,204	78,016	63,597	71,901	75,347	90,157	76,876	91,587	83,649	71,563	68,479
Accrued UBS Charges	53,669	78,924	25,369	25,369	25,369	25,369	25,369	25,369	25,369	25,369	25,369	25,369
Accrued - Vacation	33,658	33,658	33,658	33,658	33,658	42,086	42,086	42,086	42,086	42,086	42,086	34,678
Accrued Other	-	-	-	-	103	103	(144)	(1,860)	-	-	-	145
Total current liabilities	**1,943,661**	**1,970,150**	**2,024,449**	**1,942,052**	**2,002,138**	**2,137,238**	**2,212,781**	**2,405,423**	**2,282,292**	**2,066,412**	**1,563,211**	**1,604,986**
Net Working Capital	**(319,567)**	**(698,451)**	**(627,506)**	**(327,723)**	**(114,803)**	**17,914**	**148,140**	**303,907**	**631,107**	**(886,245)**	**340,133**	**(642,225)**

2010 Working Capital

	1/31/2010	2/28/2010	3/31/2010	4/30/2010	5/31/2010	6/30/2010	7/31/2010	8/31/2010	9/30/2010	10/31/2010	11/30/2010	12/31/2010
Customer Accounts Receivable Billing System	1,061,679	1,067,708	992,610	1,064,457	1,125,146	1,085,899	1,153,955	1,133,675	1,032,801	1,110,753	1,029,773	1,025,838
Accounts Receivable-Other	-	-	-	-	-	-	-	-	-	-	-	10,000
Accounts receivable - M&J billed	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Uncollectible Accounts (Cr)	(22,900)	(22,900)	(22,900)	(22,900)	(22,900)	(23,900)	(23,900)	(23,900)	(23,900)	(23,900)	(23,400)	(23,400)
Unbilled Revenue	538,702	478,542	532,978	484,919	480,180	535,797	531,811	570,452	566,266	567,446	539,773	468,124
Materials & supplies inventory	298,714	273,058	293,392	280,954	279,712	278,594	310,403	269,951	289,558	284,088	195,348	194,186
Prepaid expenses	(608)	(3,651)	398	(950)	(2,657)	2,940	(6,072)	(7,779)	6,087	(11,838)	2,029	-
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	**1,875,587**	**1,792,757**	**1,796,478**	**1,806,481**	**1,859,481**	**1,879,330**	**1,966,197**	**1,942,399**	**1,870,813**	**1,926,550**	**1,743,524**	**1,674,748**
Accounts payable	677,131	684,447	677,563	671,472	706,722	787,438	698,434	900,071	824,643	829,569	732,439	776,068
Customer deposits	69,960	70,052	70,052	69,944	69,944	70,670	70,832	70,832	70,832	70,832	70,832	70,832
Property Taxes Accrued	249,263	269,263	288,004	255,678	275,678	243,352	263,352	283,352	180,000	200,000	220,000	240,000
Franchise taxes Accrued	27,030	26,554	26,528	28,166	27,127	27,616	30,120	30,057	30,217	29,921	58,932	28,912
Federal Income Tax Accrued	442,421	430,491	430,780	439,697	449,805	493,080	528,724	576,549	483,955	481,166	191,602	200,037
State Income Tax Accrued	(19,371)	(21,460)	(21,410)	(36,748)	(35,828)	(44,738)	(38,599)	(30,363)	(48,067)	(49,901)	(37,349)	(36,179)
FICA Tax Accrued	11,746	7,809	12,054	10,130	8,259	6,661	7,946	8,753	10,253	10,843	10,501	7,016
Federal Unemployment Tax Accrued	604	603	465	106	14	21	31	25	16	7	(0)	4
State Unemployment Tax Accrued	3,109	2,484	1,524	959	366	97	89	69	32	27	24	19
Sales & Use Taxes Accrued	25,681	21,691	24,132	24,069	20,641	23,222	26,095	22,713	24,507	29,610	25,110	5,800
Other Accrued Taxes	(4,750)	(6,096)	(6,274)	(6,330)	(6,363)	(6,354)	(6,361)	(17,071)	(6,336)	(22,221)	(6,309)	-
Accrued - Payroll	106,419	99,818	130,286	136,532	75,748	95,159	107,690	121,701	136,055	139,295	79,900	39,856
Accrued - Power	68,671	58,199	63,183	73,062	69,596	73,364	74,563	86,451	84,876	79,342	66,904	63,587
Accrued UBS Charges	25,369	25,369	25,369	53,335	50,311	25,369	25,369	25,369	34,519	51,603	25,369	32,969
Accrued - Vacation	34,678	34,678	34,678	34,678	34,678	41,321	41,321	41,321	41,321	41,321	41,321	38,239
Accrued Other	952	-	-	-	-	-	-	-	-	-	-	30
Total current liabilities	**1,718,914**	**1,703,902**	**1,756,935**	**1,754,749**	**1,746,697**	**1,836,276**	**1,829,606**	**2,119,829**	**1,866,823**	**1,891,413**	**1,479,275**	**1,467,191**
Net Working Capital	**156,673**	**88,855**	**39,543**	**51,731**	**112,784**	**43,054**	**136,591**	**(177,430)**	**3,990**	**35,136**	**264,249**	**207,557**

2011 Working Capital

	1/31/2011	2/28/2011	3/31/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/31/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011
Customer Accounts Receivable Billing System	1,115,952	1,064,371	964,363	954,706	1,118,041	1,074,151	1,148,332	1,259,064	1,569,167	1,447,624	1,492,448	1,517,481
Accounts Receivable-Other	10,000	-	-	-	-	-	59,961	59,961	-	-	-	-
Accounts receivable - M&J billed	-	-	-	-	-	-	-	-	-	3,364	3,364	3,364
Provision for Uncollectible Accounts (Cr)	(23,400)	(23,400)	(23,400)	(23,400)	(23,400)	(23,000)	(23,000)	(23,000)	(23,000)	(23,000)	(23,000)	(22,800)
Unbilled Revenue	495,188	480,925	446,464	516,929	516,632	580,136	635,761	667,984	657,910	563,642	560,603	640,426
Materials & supplies inventory	209,601	209,296	194,148	184,202	230,625	215,836	259,020	235,079	211,932	209,296	198,523	175,215
Prepaid expenses	(2,127)	(4,207)	(6,441)	(2,237)	(4,266)	(6,295)	(8,324)	7,781	5,752	4,002	2,001	-
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	**1,805,213**	**1,726,985**	**1,575,134**	**1,630,200**	**1,837,633**	**1,840,827**	**2,071,750**	**2,206,869**	**2,421,760**	**2,204,927**	**2,233,938**	**2,313,686**
Accounts payable	716,118	674,239	473,169	687,442	725,051	718,336	743,632	670,041	688,099	816,416	861,241	935,500
Customer deposits	70,832	70,456	70,063	65,607	63,730	63,466	61,551	57,344	57,344	57,344	57,344	57,344
Property taxes Accrued	260,000	280,000	299,000	318,000	284,674	303,674	262,171	263,329	169,500	188,500	207,500	226,500
Franchise taxes Accrued	26,426	27,899	36,043	37,887	38,803	39,657	39,864	26,488	83,811	101,004	23,352	56,048
Federal Income Tax Accrued	226,622	236,380	285,831	366,604	337,052	423,408	506,318	499,289	497,549	310,678	314,518	341,643
State Income Tax Accrued	(31,807)	(30,202)	(20,416)	(17,958)	(23,857)	(20,203)	(4,813)	(6,128)	(9,372)	(9,972)	(9,721)	(27,019)
FICA Tax Accrued	9,675	8,454	12,414	8,287	9,840	7,073	7,737	9,268	10,924	9,361	6,656	7,570
Federal Unemployment Tax Accrued	548	687	522	159	23	9	11	20	35	33	18	2
State Unemployment Tax Accrued	939	1,130	1,307	957	416	67	56	71	95	76	56	69
Sales & Use Taxes Accrued	21,276	24,750	24,633	22,046	25,034	25,928	27,179	57,464	18,412	1,619	109,160	(15,008)
Other Accrued Taxes	(6,487)	(6,605)	(6,756)	(6,830)	(6,885)	(6,960)	(7,087)	(2,067)	2,479	7,633	12,705	-
Accrued - Payroll	105,584	109,133	129,778	138,615	81,785	101,810	105,433	143,196	142,373	81,868	91,435	38,376
Accrued - Power	64,139	61,696	61,244	62,377	58,954	73,897	82,096	92,961	79,947	79,941	71,355	70,259
Accrued UBS Charges	49,922	51,569	52,086	25,369	52,086	25,369	56,057	54,319	25,369	35,388	37,270	20,821
Accrued - Vacation	38,239	38,239	38,239	38,239	38,239	39,185	39,185	39,185	39,185	39,185	39,185	39,202
Accrued Other	-	-	-	-	-	24,766	-	14	28	-	-	-
Total current liabilities	**1,552,028**	**1,547,825**	**1,457,156**	**1,746,801**	**1,684,946**	**1,819,483**	**1,919,389**	**1,904,793**	**1,805,777**	**1,719,074**	**1,822,074**	**1,751,308**
Net Working Capital	**253,185**	**179,160**	**117,977**	**(116,600)**	**152,687**	**21,344**	**152,361**	**302,076**	**615,983**	**485,853**	**411,865**	**562,378**

	January	February	March	April	May	June	July	August	September	October	November	December
Target Working Capital - Average of 2009, 2010 & 2011 Net Working Capital	**30,097**	**(143,479)**	**(156,662)**	**(130,864)**	**50,223**	**27,438**	**145,697**	**142,851**	**417,027**	**(121,752)**	**338,749**	**42,570**

Additionally, the calculation of the Final Working Capital shall include any accounts of a working capital nature (current assets and/or current liabilities) that are created pursuant to the National Association of Regulatory Utility Commissioners Uniform System of Accounts after the date of this Agreement.

Exhibit B

CLAIM DEFENSE AGREEMENT

This Claim Defense Agreement (this "Agreement") is made as of [●], 2012, by and between United Waterworks Inc., a Delaware corporation, ("United Water") and United Water Arkansas Inc., an Arkansas corporation, ("UWAR").

Introductory Statement

UWAR is a party to an action pursuant to the claim set forth on Schedule A hereto (together with any appeals in connection with such claim and any Related Claims (as defined below), the "Claim").

United Water and UWAR each desires that United Water assume exclusive control of the defense against the Claim and exclusive responsibility for the satisfaction or compromise of the Claim.

Accordingly, the parties hereto hereby agree as follows:

Agreement

1. Satisfaction of Claim. United Water hereby assumes exclusive responsibility for the satisfaction of the Claim or any settlement or compromise thereof. United Water shall indemnify and hold harmless UWAR against any and all judgments, monetary damages, fines, fees, penalties, interest obligations, deficiencies and expenses (including amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys and other expenses of litigation) incurred or suffered by UWAR as a result of the defense, settlement or compromise of the Claim by United Water.

2. Control of Defense.

(a) From and after the date hereof, United Water shall have the sole and exclusive right, including as against UWAR, to control and direct the defense against the Claim including, without limitation, the sole and exclusive right to select legal counsel and to perform all investigations and other actions in connection with the Claim and the sole and exclusive right to settle or compromise the Claim, in each case as United Water shall determine to be necessary or appropriate in its sole discretion; provided that, United Water shall not have the right to consent to the entry of injunctive or other equitable relief against UWAR without the prior written consent of UWAR, which consent shall not be unreasonably withheld.

(b) UWAR shall cooperate fully with and affirmatively support United Water in the defense of the Claim. Without limiting the generality of the immediately forgoing sentence, upon the request of United Water, (i) UWAR shall promptly furnish United Water with copies of and access to such documents, records and information as UWAR may possess which concern the Claim and the facts and circumstances underlying or implicated by the Claim and such other documents, records and information as United Water may reasonably determine to be

necessary, useful or appropriate in performing its obligations under this agreement and (ii) UWAR shall promptly provide United Water with reasonable access to, and arrange for meetings with and testimony by, officers, directors, employees and agents of UWAR that may have information concerning the Claim or the facts and circumstances underlying or implicated by the Claim. United Water shall pay the reasonable out-of-pocket expenses incurred by UWAR and its officers, directors, employees and agents in providing such cooperation (including reasonable legal fees and disbursements), but United Water shall not be responsible for reimbursing UWAR or its officers, directors, employees and agents for their time spent in such cooperation.

(c) UWAR shall promptly inform United Water of any communications or information received by UWAR in connection with or otherwise with respect to the Claim and shall promptly provide United Water with copies of such information and communications. Except as required by law, UWAR shall not, directly or indirectly, initiate any communications with, or respond to any communications from, any governmental authority or any other third party concerning the Claim. To the extent any such communication or response is required of UWAR by law, UWAR shall, to the extent not prohibited by law, provide United Water with prompt written notice of such requirement and allow United Water to prepare and deliver and otherwise control the content and manner of such communication or response.

3. Related Claims. UWAR shall notify United Water promptly upon receipt of notice of any actual or threatened claim that arises out of or otherwise relates to the Claim (a "Related Claim"). United Water shall have the right, exercisable at United Water's sole discretion and effective upon written notice to UWAR, to deem any Related Claim to be included in the definition of the term "Claim" and subject to the terms of this Agreement.

4. Confidentiality. Each party hereto shall keep confidential the existence and terms of this Agreement and all non-public information pertaining to the Claim or the defense, settlement or compromise thereof, except that either party may disclose such information (i) to the attorneys and other professional advisors of such party who have a need to know such information; (ii) to the extent required for such party to perform any obligation under this Agreement; (iii) with the prior written consent of the other party hereto, which consent may be withheld in such party's sole and absolute discretion; and (iv), subject to Section 2(c), as required by applicable law, rule, regulation, or other legal requirements, in which case the disclosing party shall, to the extent permitted by law, advise the other party of such request and allow such other party the opportunity, at such other party's own expense and with the reasonable cooperation of the disclosing party, to take all reasonable steps to avoid or limit such disclosure.

5. Other Provisions.

(a) This Agreement does not constitute and shall not be construed in any way as an admission by either party and shall not be used as evidence in any action or proceeding for any purpose other than the enforcement of the terms hereof or to respond to assertions about its effect.

(b) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(c) This Agreement may be amended only by a written instrument signed by both parties hereto.

(d) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard for the principals of conflict of laws. Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the state and federal courts located in Wilmington, Delaware in any action or proceeding arising out of or relating to this Agreement.

(e) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

In witness whereof, the parties have caused this Claim Defense Agreement to be duly executed as of the date hereof.

UNITED WATERWORKS INC.	UNITED WATER ARKANSAS INC.
_____	_____
Name:	Name:
Title:	Title:

Schedule A

Andrew Allen v. United Water Arkansas Inc. and Paul Carlson, Case No. CV-2011-530-5 (Circuit Court of Jefferson County, Arkansas)

Exhibit C

CONTINUING SERVICES AGREEMENT

This Continuing Services Agreement (this "Agreement") is made as of [●], 2012, by and between United Waterworks Inc., a Delaware corporation, ("United Water") and United Water Arkansas Inc., an Arkansas corporation, ("UWAR").

Introductory Statement

United Water and its affiliates provide certain services and operations assistance to UWAR.

United Water has entered into an agreement to sell all of its outstanding shares of capital stock of UWAR to Liberty Utilities Inc. (the "Purchase Agreement").

United Water has agreed to provide or to cause its affiliates to provide certain of such services to UWAR on a transitional basis and subject to the terms and conditions herein.

Accordingly, the parties hereto hereby agree as follows:

Capitalized terms used in this Agreement but not defined herein shall have the meanings ascribed to them in the Purchase Agreement.

Agreement

1. Services.

(a) United Water agrees to provide, or to cause its affiliates to provide, the services (the "Services") set forth on the Exhibits hereto (each, a "Service Exhibit"), and such other services as United Water and UWAR may agree in writing, to UWAR for the respective periods and on the other terms and conditions set forth in this Agreement and the respective Service Exhibits.

(b) The parties hereto acknowledge the transitional nature of the Services. Accordingly, UWAR agrees to use commercially reasonable efforts to make a transition of each Service to its own internal or its affiliates' organization or to obtain alternate third-party sources to provide the Services as promptly as practicable following the execution of this Agreement.

(c) It is contemplated by the parties that the Services (other than those Services described in Section 3(f) hereof) will be provided for a period of up to one (1) year. Specifically, and subject to Section 2(d), the obligations of United Water to provide Services under this Agreement shall terminate with respect to each Service on the end date specified in the applicable Service Exhibit (the "End Date"). Notwithstanding the foregoing, the parties acknowledge and agree that UWAR may determine from time to time that it does not require all the Services set forth on one or more of the Service Exhibits (including those Services described in Section 3(f) hereof) or that it does not require such Services for the entire period up to the applicable End Date. Accordingly, UWAR may terminate any Service (including those Services

described in Section 3(f) hereof), in whole and not in part, upon thirty days advance written notice to United Water.

(d) United Water shall provide the Services, or cause the Services to be provided, in a manner generally consistent with the historical provision of the Services and with the same standard of care as historically provided. United Water makes no representations and warranties of any kind, implied or expressed, with respect to the Services, including, without limitation, any warranties of merchantability or fitness for a particular purpose, which are specifically disclaimed.

(e) United Water and its affiliates shall have the right to hire third-party subcontractors to provide all or part of any Service hereunder; provided, however, that in the event such subcontracting is inconsistent with past practices, United Water shall obtain the prior written consent of UWAR for the hiring of such subcontractor, such consent not to be unreasonably withheld. United Water shall in all cases retain responsibility for the provision to UWAR of Services to be performed by any third-party service provider or subcontractor.

(f) In order to enable the provision of the Services by United Water and/or its affiliates, UWAR agrees that it shall provide to United Water and its affiliates and any third-party service providers or subcontractors who provide Services, at no cost to United Water or its affiliates, access to the facilities, assets and books and records of the UWAR, in all cases to the extent necessary for United Water to fulfill its obligations under this Agreement.

2. Payment.

(a) As consideration for provision of the Services, UWAR shall pay United Water the amount specified for each Service on such Service's respective Service Exhibit or as may otherwise be agreed in writing. In addition to such amount, in the event that United Water or any of its affiliates incurs reasonable and documented out-of-pocket expenses in the provision of any Service, including, without limitation, license fees and payments to third-party service providers or subcontractors (such included expenses, collectively, "Out-of-Pocket Costs"), UWAR shall reimburse United Water for all such Out-of-Pocket Costs. Without limitation of the foregoing, the parties acknowledge and agree that additional employee hiring costs not reflected on the Service Exhibits may be incurred by United Water to hire necessary employees to provide Services, which costs shall be for the account of UWAR and shall be reimbursed by UWAR to United Water.

(b) United Water shall provide UWAR with monthly invoices, which shall set forth in reasonable detail, with such supporting documentation as UWAR may reasonably request with respect to Out-of-Pocket Costs, amounts payable under this Agreement; and payments pursuant to this Agreement shall be made within thirty (30) days after the date of each applicable invoice.

(c) It is the intent of the parties that the compensation set forth in the respective Service Exhibits reasonably approximate the cost of providing the Services, including the cost of employee wages and compensation and other overhead costs, without any intent to cause United Water to receive profit or incur loss. If at any time United Water believes that the

payments contemplated by a specific Service Exhibit are materially insufficient to compensate it for the cost of providing the Services it is obligated to provide hereunder, or UWAR believes that the payments contemplated by a specific Service Exhibit materially overcompensate United Water for such Services, such party shall notify the other party as soon as possible, and the parties hereto will commence good faith negotiations toward an agreement in writing as to the appropriate course of action with respect to pricing of such Services for future periods.

(d) Subject to Section 3(f), upon termination or expiration of any or all Services pursuant to this Agreement, or upon the termination of this Agreement in its entirety, United Water shall have no further obligation to provide the terminated Services and UWAR will have no obligation to pay any future compensation or Out-of-Pocket Costs relating to such Services (other than for or in respect of Services already provided or Out-of-Pocket Costs already incurred in accordance with the terms of this Agreement prior to such termination).

(e) UWAR shall be responsible for all sales or use taxes imposed or assessed as a result of the provision of Services by United Water.

3. Termination.

(a) Subject to Section 3(d), this Agreement shall terminate in its entirety (i) on the date upon which United Water shall have no continuing obligation to perform any Services as a result of each of their expiration or termination in accordance with Section 1(c) or (ii) in accordance with Section 3(b), 3(c) or 3(f).

(b) Any party (the "Non-Breaching Party") may terminate this Agreement at any time upon prior written notice to the other party (the "Breaching Party") if the Breaching Party has failed (other than pursuant to Section 3(e)) to perform any of its material obligations under this Agreement and such failure shall have continued without cure for a period of fifteen (15) days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party. For the avoidance of doubt, non-payment by UWAR for a Service provided by United Water in accordance with this Agreement shall be deemed a breach for purposes of this Section 3(b).

(c) In the event that either party hereto shall (i) file a petition in bankruptcy, (ii) become or be declared insolvent, or become the subject of any proceedings (not dismissed within sixty (60) days) related to its liquidation, insolvency or the appointment of a receiver, (iii) make an assignment on behalf of creditors, or (iv) take any corporate action for its winding up or dissolution, then the other party shall have the right to terminate this Agreement upon written notice.

(d) Upon termination of this Agreement pursuant to Section 3(a), all obligations of the parties hereto shall terminate, except for the provisions of Section 2(d), Section 2(e), Section 3(f), Section 4 and Section 5, which shall survive any termination or expiration of this Agreement.

(e) The obligations of United Water under this Agreement with respect to any Service shall be suspended during the period and to the extent that United Water is prevented or

hindered from providing such Service due to any of the following causes beyond such party's reasonable control (such causes, "Force Majeure Events"): (i) acts of God, (ii) flood, fire or explosion, (iii) war, invasion, riot or other civil unrest, (iv) law, order or action of any governmental authority, (v) actions, embargoes or blockades in effect on or after the date of this Agreement, (vi) national or regional emergency, (vii) strikes, labor stoppages or slowdowns or other industrial disturbances, (viii) shortage of adequate power or transportation facilities, or (ix) any other event which is beyond the reasonable control of such party. In the event of a Force Majeure Event, United Water shall give notice of suspension as soon as reasonably practicable to UWAR stating the date and extent of such suspension and the cause thereof, and United Water shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. United Water shall not be liable for the nonperformance or delay in performance of its obligations under this Agreement when such failure is due to a Force Majeure Event, and UWAR shall not be required to pay for any Services not rendered due to a Force Majeure Event.

(f) Notwithstanding anything in this Agreement to the contrary, United Water may terminate provision of the Services associated with (i) UWAR's continued use (consistent with past practice) of the assets identified with an "Asset ID" on Section 2.10 of the Disclosure Schedule to the Purchase Agreement and (ii) UWAR's continued use, access and technical support (consistent with past practice) related to the Customer Care and Billing system of the Seller (which transitional services shall be provided to the Company for a term of seven (7) years), at any time after the first anniversary of the Closing Date by providing written notice (the "Termination Notice") to UWAR at least sixty (60) days prior to the effective date of the termination, subject to payment to UWAR of a one-time termination fee (the "Termination Fee") determined as follows:

(i) if the effective date of such termination is before the second anniversary of the Closing Date, the Termination Fee shall be US$ 619,000.00;

(ii) if the effective date of such termination is on or after the second anniversary of the Closing Date but before the date that is thirty (30) months after the Closing Date, the Termination Fee shall be US$ 503,000.00;

(iii) if the effective date of such termination is on or after the date that is thirty (30) months after the Closing Date but before the third anniversary of the Closing Date, the Termination Fee shall be US$ 387,000.00; and

(iv) if the effective date of such termination is on or after the third anniversary of the Closing Date, no Termination Fee shall be payable.

The parties further covenant and agree as follows: (a) United Water shall pay any Termination Fee to UWAR on the date of the Termination Notice; (b) the Termination Fee shall not be considered as a penalty but a genuine estimate of UWAR's liquidated damages; and (c) UWAR may terminate the Agreement at any time, in accordance with the terms of this Agreement, upon written notice to United Water with no termination fee payable by either party to the other.

4. Confidentiality. Neither party shall announce, disclose or publicize the terms of this Agreement or the transactions contemplated by this Agreement to any person (which term, for the purpose of this Agreement, shall include both legal and natural persons) except (i) the accountants, attorneys and other professional advisors of such party; (ii) to any regulatory authority or examiner or as otherwise required by applicable law, rule or regulation; (iii) as required to perform any obligation under this Agreement, provided such party informs the person receiving such disclosure of the confidentiality of the terms of this Agreement and the transactions contemplated hereby; and (iv) with the prior written consent of the other party, which consent shall not be unreasonably conditioned, delayed or withheld.

5. Other Provisions.

(a) This Agreement (including the Service Exhibits) constitutes the entire agreement between the parties and supersedes any prior understandings, agreements, or representations by or between the parties, written or oral, with respect to the subject matter hereof.

(b) The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(c) All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

If to United Water:

c/o United Water Management and Services Inc.
200 Old Hook Road
Harrington Park, NJ 07640
Attn: General Counsel

If to UWAR:

c/o Algonquin Power & Utilities
2645 Bristol Circle, Oakville ON
Attn: General Counsel

Either party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, nationally recognized overnight courier, messenger service, facsimile, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Either party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

(d) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign either this Agreement (whether by contract, operation of law or otherwise) or any of

its rights, interests, or obligations hereunder without the prior written approval of the other party. This Agreement shall not confer any rights or remedies upon any person other than the parties and their respective successors and permitted assigns.

(e) This Agreement may be amended only by a written instrument signed by both parties hereto.

(f) This Agreement does not create a fiduciary relationship, partnership, joint venture or relationships of trust or agency between the parties and all Services are provided by United Water or its affiliates as independent contractors.

(g) In no event shall United Water or its affiliates have any liability under any provision of this Agreement for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, whether based on statute, contract, tort or otherwise, and whether or not arising from the other party's sole, joint, or concurrent negligence, strict liability, criminal liability or other fault.

(h) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard for the principals of conflict of laws. Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the state and federal courts located in Wilmington, Delaware in any action or proceeding arising out of or relating to this Agreement.

(i) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

In witness whereof, the parties have caused this Agreement to be duly executed as of the date hereof.

UNITED WATERWORKS INC.	UNITED WATER ARKANSAS INC.
_____	_____
Name:	Name:
Title:	Title:

Service Exhibits

Exhibit D

Amounts in USD

Line No.	Description	Accrued Liability - Pension	Accrued Liability - OPEB
		(a)	(b)
1	Estimated Balance of Plan Liability to be assumed by Buyer as of 12/31/2012	$1,046,000[1]	$2,772,000 [1]
2	Actual Balance of Plan Liability to be assumed by Buyer as of 12/31/2012		
3	Amount receivable from (payable to) Buyer (line 1 - Line 2)		

[1] Actuary Calculations Estimated as of 12/31/2012:

Projected Benefit Obligation	$3,473,000	$2,772,000
Fair Value of Plan Assets	(2,427,000)	0
Funded Status	1,046,000	2,772,000
Unrecognized		
- Transition Obligation	0	0
- Prior Service Cost	0	0
- (Gain) / Loss	0	0
(Accrued) / Prepaid Pension Cost	$1,046,000	$2,772,000

Exhibit E

Line No.	Description	Amount in USD
		(a)
1	Balance of Accumulated Deferred Income Taxes Embedded in Purchase Price	$3,095,000
2	Actual Balance of ADIT as of 12/31/2012	
3	Amount receivable (payable) to Buyer (line 1 - Line 2)	

The following accounts shall be included in the determination of the amount includible in line 2 above:

19010	Def. Federal Inc Taxes- Other
19012	Def. State Income Taxes- Other
19013	Def. Federal Income Taxes-Medicare Part D
19014	Def. Federal Income Taxes-GU-Medicare Part D
19015	Def. State Income Taxes-Medicare Part D
19016	Def. State Income Taxes-GU-Medicare Part D
19101	Def. FIT-FAS109 ITC
19103	Def. FIT-F71/F109 G/U ITC
19131	Def.SIT-FAS109 ITC
19132	Def. SIT-F71/F109 G/U ITC
28203	Def. FIT-MACRS
28206	Def. FIT- OCI Pension/PBOP
28207	Def FIT Pension Reg Asset FAS158 [1]
28208	Def FIT PBOP Reg Asset FAS158 [1]
28211	Def. FIT Benefit on DSIT
28300	Def. FIT-Other
28301	Def. FIT-Tank Painting
28302	Def. FIT-Rate Expenses
28303	Def. FIT-Deferred Charges
28304	Def. FIT-Relocation Expense
28305	Def. FIT-M_S Fees
28306	Def. FIT-Pensions [1]

28307 Def. FIT-PEBOP [1]
28308 Def. FIT-Cost of Removal
28312 Def. FIT - AFUDC Equity
28313 Def. FIT - AFUDC Equity GU
28314 Def. FIT - AFUDC Equity GU-TRF
28354 Def. SIT-Pensions [1]
28355 Def. SIT-Post Retirement Benefits [1]
28350 Def. SIT- Other
28353 Def. SIT - Tank Painting
28356 Def. SIT-AFUDC Equity
28357 Def. SIT-Excess Depreciation
28358 Def. SIT- Cost of Removal
28361 Def SIT Pension Reg Asset FAS158 [1]
28362 Def SIT PBOP Reg Asset FAS 158 [1]
28359 Def. SIT- Relocation
28360 Def. SIT- OCI Pension/PBOP
28363 Def. SIT - M&S Fees
28364 Def. SIT - AFUDC Equity GU
28365 Def. SIT - AFUDC Equity GU-TRF
28401 Def FIT-FAS109-Plant
28402 Def FIT-FAS109 Gross Up
28441 Def SIT-FAS109-Plant
28442 Def SIT-FAS109 Gross Up

Note [1] The includible balance of the accounts numbered 28207, 28208, 28306, 28307, 20354, 28355, 28361 and 28362 shall be the ADIT associated with the Pension and OPEB liabilities being assumed by Buyer as provided in the Pension and OPEB Liability adjustment mechanism.