

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☐ the final return/report;</div><div>☐ an amended return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information
1a	Name of plan UNITED WATER RESOURCES INC. RETIREMENT PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 05/12/1947
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) UNITED WATER RESOURCES INC. 200 OLD HOOK ROAD HARRINGTON PARK, NJ 07640
2b	Employer Identification Number (EIN) 22-2441477
2c	Sponsor's telephone number 201-767-9300
2d	Business code (see instructions) 221300

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/07/2010	CHARLES T. WALL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/07/2010	CHARLES T. WALL
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

UNITED WATER RESOURCES INC.

200 OLD HOOK ROAD
HARRINGTON PARK, NJ 07640**3b** Administrator's EIN

22-2441477

3c Administrator's telephone number

201-767-9300

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:**a** Sponsor's name**4b** EIN**4c** PN**5** Total number of participants at the beginning of the plan year**5**

2689

6 Number of participants as of the end of the plan year (welfare plans complete only lines **6a**, **6b**, **6c**, and **6d**).**a** Active participants.....**6a**

1195

b Retired or separated participants receiving benefits.....**6b**

759

c Other retired or separated participants entitled to future benefits.....**6c**

567

d Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

2521

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

200

f Total. Add lines **6d** and **6e**.....**6f**

2721

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g****h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

14

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)**7****8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**9a** Plan funding arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

9b Plan benefit arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)**a Pension Schedules**(1) ☒**R** (Retirement Plan Information)(2) ☐**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary(3) ☒**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary**b General Schedules**(1) ☒**H** (Financial Information)(2) ☐**I** (Financial Information - Small Plan)(3) ☐**A** (Insurance Information)(4) ☒**C** (Service Provider Information)(5) ☒**D** (DFE/Participating Plan Information)(6) ☐**G** (Financial Transaction Schedules)

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

Round off amounts to nearest dollar.

Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan UNITED WATER RESOURCES INC. RETIREMENT PLAN		B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF UNITED WATER RESOURCES INC.		D Employer Identification Number (EIN) 22-2441477	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I	Basic Information			
1	Enter the valuation date: Month 01 Day 01 Year 2009			
2	Assets:			
a	Market value	2a	150973923	
b	Actuarial value	2b	166071315	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target	
a	For retired participants and beneficiaries receiving payment	3a	974	108461926
b	For terminated vested participants	3b	569	13438441
c	For active participants:			
(1)	Non-vested benefits	3c(1)		10796752
(2)	Vested benefits	3c(2)		58368213
(3)	Total active	3c(3)	1160	69164965
d	Total	3d	2703	191065332
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a	Funding target disregarding prescribed at-risk assumptions	4a		
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5	8.17 %	
6	Target normal cost	6	6889518	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		07/27/2010
Signature of actuary		Date
A. DAVID DEGANN		08-00025
Type or print name of actuary		Most recent enrollment number
AON CONSULTING, INC.		201-460-6700
Firm name		Telephone number (including area code)
301 ROUTE 17 NORTH, 4TH FLOOR RUTHERFORD, NJ 07070-2575		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	6954732	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	6436176	0
9	Amount remaining (Item 7 minus item 8).....	518556	0
10	Interest on item 9 using prior year's actual return of <u>-27.29</u> %	-141514	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.29</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	377042	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	86.72 %
15	Adjusted funding target attainment percentage.....	15	86.72 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	98.78 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2009	1609044				
07/15/2009	1609044				
10/15/2009	1609044				
01/15/2010	1609044				
07/23/2010	3251227				
			Totals ►	18(b)	9687403
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 8989308
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 2
22 Weighted average retirement age				22 63
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	6889518
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	13907139	2476832
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	9366350
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	377042	0
36 Additional cash requirement (item 34 minus item 35).....	36	8989308
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	8989308
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<div>A</div> <div>Name of plan</div> <div>UNITED WATER RESOURCES INC. RETIREMENT PLAN</div>	<div>B</div> <div>Three-digit plan number (PN)</div> <div>▶</div> <div>002</div>
<div>C</div> <div>Plan sponsor's name as shown on line 2a of Form 5500</div> <div>UNITED WATER RESOURCES INC.</div>	<div>D</div> <div>Employer Identification Number (EIN)</div> <div>22-2441477</div>

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1

Information on Persons Receiving Only Eligible Indirect Compensation

a

Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....

☐ Yes

☒ No

b

If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b)

Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b)

Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

AON CONSULTING

22-2221888

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	1023921	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

APPLIED PORTFOLIO MANAGEMENT, INC.

22-2349125

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	NONE	65504	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MAZARS LLP

06-1189808

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	46976	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

<div>SCHEDULE D</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009					
A Name of plan UNITED WATER RESOURCES INC. RETIREMENT PLAN				B Three-digit plan number (PN) ▶ 002	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 UNITED WATER RESOURCES INC.				D Employer Identification Number (EIN) 22-2441477	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: COMMON COLLECTIVE TRUST FUNDS					
b Name of sponsor of entity listed in (a): DIVERSIFIED INVESTMENT ADVISORS					
c EIN-PN 13-3689044-001		d Entity code C		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 160310454	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan UNITED WATER RESOURCES INC. RETIREMENT PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 UNITED WATER RESOURCES INC.	D Employer Identification Number (EIN) 22-2441477	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		4860271
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		9815483
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)	150973923	160310454
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	150973923	174986208

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	401371	290281
k Total liabilities (add all amounts in lines 1g through 1j)	1k	401371	290281

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	150572552	174695927
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Part II **Income and Expense Statement**

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a** **Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	9687403	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		9687403

b **Earnings on investments:**(1) **Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	5019	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		5019

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		29827264
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		-852660
d Total income. Add all income amounts in column (b) and enter total.....	2d		38667026

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	13104040	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		13104040
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	1070897	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	69043	
(4) Other	2i(4)	299671	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1439611
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		14543651

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		24123375
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MAZARS LLP

(2) EIN: 06-1189808

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>UNITED WATER RESOURCES INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>UNITED WATER RESOURCES INC.</u>	D Employer Identification Number (EIN) <u>22-2441477</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-3689044</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 56% Investment-Grade Debt: 30% High-Yield Debt: 8% Real Estate: _____% Other: 6%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

United Water Resources Inc. Retirement Plan
Years Ended December 31, 2009 and 2008
With Independent Auditors' Report

United Water Resources Inc. Retirement Plan
Financial Statements and Supplemental Schedules

Years Ended December 31, 2009 and 2008

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Independent Auditors' Report

The Benefits Committee
United Water Resources Inc. Retirement Plan

We were engaged to audit the accompanying financial statements and supplemental schedules of United Water Resources Inc. Retirement Plan (the "Plan") as of December 31, 2009 and 2008, and for the years then ended, as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2009 and 2008, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements and supplemental schedules that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

MAZARS LLP

New York, NY
July 26, 2010

135 WEST 50TH STREET - NEW YORK, NY 10020-1299
TEL: +1 212 375 6768 - FAX: +1 212 375 6905 - www.mazars.us

MAZARS LLP
CERTIFIED PUBLIC ACCOUNTANTS

Praxity
MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

United Water Resources Inc. Retirement Plan

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
Assets		
Investments at fair value:		
Common Collective Trust Funds:		
Short-term investments	\$ 311,282	\$ 3,244
Bonds	55,867,005	57,226,163
U.S. common stocks	81,029,153	65,868,537
International stocks	23,103,014	18,196,819
Alternatives - Private Equity Fund	9,815,483	9,679,160
Total investments at fair value	170,125,937	150,973,923
Employer contribution receivable	4,860,271	-
Total assets	174,986,208	150,973,923
Liabilities		
Accrued administrative expenses	290,281	401,371
Net assets available for benefits	\$ 174,695,927	\$ 150,572,552

The accompanying notes are an integral part of these financial statements.

United Water Resources Inc. Retirement Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31	
	2009	2008
Additions:		
Investment income:		
Net appreciation (depreciation) in fair value of investments:		
Common Collective Trust Funds	\$ 29,827,264	\$ (58,769,459)
Alternatives	(852,660)	(336,269)
	28,974,604	(59,105,728)
Employer contributions	9,692,422	-
Total additions	38,667,026	(59,105,728)
Deductions:		
Benefits paid directly to participants	13,104,040	13,350,848
Administrative expenses	1,439,611	1,213,290
Total deductions	14,543,651	14,564,138
Net increase (decrease)	24,123,375	(73,669,866)
Net assets available for benefits at beginning of year	150,572,552	224,242,418
Net assets available for benefits at end of year	\$ 174,695,927	\$ 150,572,552

The accompanying notes are an integral part of these financial statements.

United Water Resources Inc. Retirement Plan

Notes to Financial Statements

December 31, 2009 and 2008

1. Description of Plan

General

The following brief description of the United Water Resources Inc. Retirement Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

The Plan is a noncontributory defined benefit pension plan covering substantially all non-bargaining and some bargaining employees of United Water Resources Inc. (the "Company") and its subsidiaries. The Benefits Committee, appointed by the Company's Board of Directors, administers the Plan. The Plan complies with the Employee Retirement Income Security Act of 1974 ("ERISA").

Effective January 1, 2010, any non-collectively bargained employee whose employment commencement date is on or after January 1, 2010, or who transferred from a business unit that is not pension-eligible is not eligible to become a participant in the Plan.

Pension Benefits

Generally, employees with five or more years of service are entitled to annual pension benefits at normal retirement age (65). The basic formula applying to normal retirement provides for an annual benefit, as defined, which is based on the employee's average annual base wage or salary rate for the highest paid five years of the ten years immediately preceding retirement. The Plan provides for annual benefits, payable in monthly installments, equivalent to 1.5% of such average annual base wage or salary rate for each credited year of service, without adjustment for social security benefits. Employees who have completed 20 years of credited service can elect early retirement with full pension benefits upon reaching age 62 while employees who have completed 10 years of credited service can elect early retirement upon reaching age 55 with reduced benefits. A participant who continues employment beyond normal retirement date will not receive payment until the first day of the month following actual retirement.

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

For participants who die while employed, the benefit is computed under the formula set forth in the Plan agreement, payable in the form of a 100% joint and surviving spouse retirement benefit as if the participant had begun receiving these benefits immediately prior to death. The benefit is actuarially reduced and, if payment to the spouse commences before the participant's 65th birthday, adjusted in accordance with the applicable reduction table found in the Plan agreement (if death benefits commence before the Participant's 55th birthday, the death benefit is computed as if the Participant had reached age 55.) However, if the deceased participant in this case was hired prior to October 1, 2001 and had completed at least twenty (20) years of vesting service at the time of death on or after the participant's 62nd birthday, the annuity payable to the participant's surviving spouse is not reduced for payment prior to the participant's 65th birthday.

In the case of total and permanent disability, benefits are computed under the formula set forth in the Plan agreement without reduction for commencement of benefits prior to attainment of age 65. In the case of partial disability, retirement benefits are computed under the formula set forth in the Plan agreement with a reduction for commencement of benefits prior to attainment of age 65 in accordance with the Plan agreement.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Allocation of Assets

At December 31, 2009 and 2008, the Plan's assets have been invested in various investment fund options under a collective trust arrangement with State Street Bank and Trust Company. The beneficial interest for these investments is represented by units, each of which shall be of equal value to every other unit. In accordance with the trust agreement, the unit value of each of the investment fund options is determined at the close of business on each business day.

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are stated at fair value. The fair value represents the daily calculated value of units of participations in investment fund options under the collective trust (the "Common Collective Trust Funds"). The daily calculated unit value is determined and reported by the funds in which the Plan assets are invested. The calculation involves the measurements of the underlying assets and liabilities of the Common Collective Trust Funds at fair value as follows:

- Short-term investments: Short-term securities having remaining maturities of 60 days or less are valued at amortized cost, which approximates market value. The amortized cost of a security is determined by valuing it at original cost and thereafter amortizing any discount or premium at a constant rate until maturity.
- Equity securities: Valued at the official closing price or last sale price on the exchange on which they are primarily traded or at the last quoted bid price for securities in which there were no sales during the day or for unlisted securities. Portfolio securities listed on the NASDAQ National Market and NASDAQ Small Cap Market for which reliable market quotations are available are valued at the official closing price or, if there is no official closing price on that day, at the last sale price.
- Bonds, warrants and related securities: Bonds and warrants are valued at the last available bid prices by an independent pricing service. Option contracts that are traded on commodities or securities exchanges are normally valued at the last mean price on the exchange on which they are traded; if mean prices are not available, the bid price will be used. If neither mean nor bid prices are available, a broker quote will be obtained. Futures contracts traded on commodities or securities exchanges are normally valued at the last closing price on the exchange on which they are traded. If last closing price is not available for futures contracts, a broker quote will be obtained. Swap agreements are normally valued by an independent pricing service. If the independent pricing service is not able to value a swap contract, that contract will be valued at bid price. If bid is not available, a broker quote will be obtained.

When valuations are not readily available, securities will be valued at their fair market value as determined in good faith by the Valuation Committee, under the supervision of the Board of Trustees, of the investment fund options. Unlisted securities are valued at the last sales price provided by an independent pricing agent or the principal market maker.

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

- Alternatives: The Plan invests in Adams Street Partners where they invest in alternatives which include nonmarketable investments, common and preferred equity securities, partnership interests, corporate debt, warrants, escrow and earnout receivables and other privately issued securities. When observable prices are not available for these securities, the fund management uses valuation techniques for which sufficient and reliable data is available. The valuation of nonmarketable privately held equity investments requires significant judgment by fund management due to the absence of quoted market values, inherent lack of liquidity, changes in market conditions and the long-term nature of such assets. The fair value of limited partnership interests is generally based on fair value capital balances reported by the underlying partnerships, subject to fund management review and adjustment.

While fund management for the alternatives believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the financial statements.

Investment transactions are recorded on the trade date basis (the date the order to buy or sell is executed). Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis and includes amortization of premiums and accretions of discounts on investments. Realized gains or losses on the sale of securities are recorded on an identified cost basis.

Payment of Benefits

Pension benefits are recognized when paid.

3. Fair Value Measurements

In 2008, the Company adopted Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value, establishes a framework for measuring fair value under U.S. generally accepted accounting principles and expands disclosure about fair value measurements. It also applies under other accounting pronouncements that require or permit fair value measurements. The fair value hierarchy for disclosure of fair value measurements under ASC 820 is as follows:

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 - Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets at fair value as of December 31, 2009 and 2008 are as follows:

2009	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Common Collective Trust Funds:				
Short-term investments	\$ -	\$ 311,282	\$ -	\$ 311,282
Bonds	-	55,867,005	-	55,867,005
U.S. common stocks	-	81,029,153	-	81,029,153
International stocks	-	23,103,014	-	23,103,014
Alternatives	-	-	9,815,483	9,815,483
	<u>\$ -</u>	<u>\$ 160,310,454</u>	<u>\$ 9,815,483</u>	<u>\$ 170,125,937</u>
2008	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Common Collective Trust Funds:				
Short-term investments	\$ -	\$ 3,244	\$ -	\$ 3,244
Bonds	-	57,226,163	-	57,226,163
U.S. common stocks	-	65,868,537	-	65,868,537
International stocks	-	18,196,819	-	18,196,819
Alternatives	-	-	9,679,160	9,679,160
	<u>\$ -</u>	<u>\$ 141,294,763</u>	<u>\$ 9,679,160</u>	<u>\$ 150,973,923</u>

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

The following is a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2009 and 2008:

	December 31	
	2009	2008
Balance, beginning of year	\$ 9,679,160	\$ 8,614,191
Purchases, sales, issuances and settlements, net	988,984	1,401,237
Net change in unrealized depreciation	(837,275)	(357,187)
Realized (loss) gain	(15,386)	20,919
Balance, end of year	\$ 9,815,483	\$ 9,679,160

4. Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments that are attributable, under the Plan's provisions, to services employees have rendered. Accumulated plan benefits include benefits expected to be paid to retired or terminated employees or their beneficiaries, beneficiaries of employees who have died, and present employees or their beneficiaries.

The actuarial present value of accumulated plan benefits under the Plan is calculated by consulting actuaries, Aon Consulting, and are those amounts that result from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The actuarial method used is the projected unit credit method.

Significant assumptions underlying the actuarial computations of the Plan are as follows:

Mortality	The RP 2000 Annuitant and Non-Annuitant Mortality Table.
Funding valuation investment return	8.5% per annum, compounded annually, net of investment and administrative expenses.
Terminations and retirements	Calculations reflect age related termination rates prior to being eligible for retirement and age related retirement rates for those eligible for retirement.
	Participants are assumed to retire at the later of age 65 or completion of five years of participation service.

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

4. Accumulated Plan Benefits (continued)

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The accumulated plan benefit information at January 1, 2009 is as follows:

Actuarial present value of accumulated plan benefits:

Vested benefits:

Active participants	\$ 48,623,609
Deferred vested terminations	11,808,120
Participants currently receiving payments	103,914,897
	<u>164,346,626</u>

Nonvested benefits

Total actuarial present value of accumulated plan benefits	<u>10,191,325</u>
	<u>\$ 174,537,951</u>

A summary of the changes in the actuarial present value of accumulated plan benefits is as follows:

Actuarial present value of accumulated plan benefits
as of January 1, 2008

\$ 170,529,871

Changes in accumulated benefits:

Benefits accumulated	3,431,624
Benefits paid	(13,351,159)
Interest	13,927,615
	<u>4,008,080</u>

Net increase

Actuarial present value of accumulated plan benefits
as of January 1, 2009

\$ 174,537,951

The Company's funding policy provides that payments to the Plan shall be equal to the minimum funding requirements of ERISA plus additional amounts which may be approved by the Company from time to time, and the amounts deductible for income tax purposes. The Company has met the minimum funding requirements of ERISA as of December 31, 2009.

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

5. Plan Termination

In the event of termination of the Plan, the net assets of the Plan will be allocated among the participants of the Plan as provided for in the Plan or as otherwise required by law. If the assets are insufficient to cover such amounts, an allocation procedure is prescribed. If the assets exceed such amounts and expenses for such distribution, the excess would be paid to the Company. To the extent unfunded benefits exist, such benefits will be paid by the Pension Benefit Guaranty Corporation ("PBGC") to participants, as described in ERISA.

Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under covered plans, and the amount of benefit protection is subject to certain limitations.

The PBGC guarantees vested benefits at the level in effect on the date of Plan termination. However, if a plan has been in effect less than five years before it terminates, or if benefits have been increased within the five years before plan termination, the whole amount of the Plan's vested benefits or the benefit increase may not be guaranteed. In addition, there is a ceiling on the amount of monthly benefits that the PBGC guarantees, which is adjusted periodically.

6. Investments

The Plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information supplied to the Plan administrator and certified as complete and accurate by State Street Bank and Trust Company as of December 31, 2009 and 2008, and for the years then ended. Investments at December 31, 2009 are detailed in Schedule H, Line 4(i).

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

6. Investments (continued)

The following represents investments that represent 5% or more of the Plan's net assets as of December 31, 2009 and 2008:

	December 31	
	2009	2008
Diversified High Yield Bond	\$ 14,692,818	\$ 11,309,065
Minton Lehman Bond	34,304,464	33,761,234
Diversified Stock Index	59,047,363	48,458,257
Diversified Small Cap Growth	11,225,709	8,439,970
Diversified Small Cap Value	10,756,080	8,970,310
Diversified International Equity	23,103,014	18,196,819
Adams Street Alternatives	9,815,483	9,679,160
Diversified Total Return Bond	-	12,155,864

7. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 5, 2010, which superseded the previous one dated August 4, 2003, maintaining that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since the last amendment covered by the determination letter. However, the Plan administrator and the Plan's counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

United Water Resources Inc. Retirement Plan

Notes to Financial Statements (continued)

8. Risks and Uncertainties (continued)

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

9. Subsequent Events

The Plan has evaluated subsequent events through July 26, 2010, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2009, have been incorporated in these financial statements.

Supplemental Schedules

United Water Resources Inc. Retirement Plan
Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2009

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
Diversified Investment *	Diversified Money Market Account	\$ 311,273	\$ 311,282
Diversified Core Bond *	Diversified Core Bond	11,733,932	6,869,723
Diversified Investment *	Diversified High Yield Bond	9,358,171	14,692,818
Minton Lehman	Minton Lehman Bond	33,761,234	34,304,464
Diversified Investment *	Diversified Stock Index	46,563,164	59,047,364
Diversified Investment *	Diversified Small Cap Growth	8,454,506	11,225,709
Diversified Investment *	Diversified Small Cap Value	8,978,774	10,756,080
Diversified Investment *	Diversified International Equity	15,996,743	23,103,014
Adams Street Partners	Adams Street Alternatives	10,652,758	9,815,483
			<u>\$ 170,125,937</u>

**Indicates Party-In-Interest to the Plan*

EIN # 22-2441477
Plan #002

United Water Resources Inc. Retirement Plan
Schedule H, Line 4(j) – Schedule of Reportable Transactions

December 31, 2009

Identity of Party Involved	Description of Assets	# of Transactions	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain/ (Loss)
Category (i) – Individual transactions in excess of 5%							
There are no individual transactions in excess of 5%.							
Category (ii) – Series transactions in excess of 5%							
Diversified Investment Advisors	Diversified Total Return Bond	146	\$ -	\$ 13,293,809	\$ 11,749,588	\$ 13,293,809	\$ 1,544,221

Plan Name: United Water Resources Inc Retirement Plan

EIN: 22-2441477

Plan Number: 002

Schedule SB, line 19c – Discounted Employer Contributions

Plan Year	Date	Amount	Effective Interest Rate	Interest Adjusted Contribution
2009	04/15/2009	1,609,044	8.17%	1,573,439
2009	07/15/2009	1,609,044	8.17%	1,542,931
2009	10/15/2009	1,609,044	8.17%	1,512,689
2009	01/15/2010	1,609,044	8.17%	1,483,040
2009	07/23/2010	3,251,227	8.17%	2,877,209
Total				8,989,308

Plan Name: United Water Resources Inc Retirement Plan

EIN: 22-2441477

Plan Number: 002

Schedule SB, line 22 – Description of Weighted Average Retirement Age

(a)	(b)	(c)	(d)	(e)
		$l_x = l_{x-1} - d_{x-1}$	$d_x = q_x * l_x$	$W.A. = x * d_x$
Age	Retirement Rate			Weighted Average
x	q_x	l_x	d_x	W.A.
55	0.020000	1.000000	0.020000	1.100000
56	0.010204	0.980000	0.010000	0.559996
57	0.010309	0.970000	0.010000	0.569985
58	0.010417	0.960000	0.010000	0.580019
59	0.010526	0.950000	0.010000	0.589982
60	0.031915	0.940000	0.030000	1.800007
61	0.054945	0.910000	0.050000	3.049998
62	0.290698	0.860000	0.250000	15.500022
63	0.327869	0.610000	0.200000	12.600004
64	0.487805	0.410000	0.200000	12.799998
65	0.714286	0.210000	0.150000	9.749998
66	0.666667	0.060000	0.040000	2.639997
67	0.500000	0.020000	0.010000	0.669998
68	1.000000	0.010000	0.010000	0.679998
Total			<u>1.000000</u>	<u>62.890001</u>

Plan Name: United Water Resources Inc Retirement Plan

EIN: 22-2441477

Plan Number: 002

Schedule SB, line 24 – Change in Actuarial Assumptions

The following changes in actuarial assumptions or methods have been made since the prior valuation:

Mandated assumptions were changed as shown below.

	01/01/2009	01/01/2008
Funding Target	October 2008 Full Yield Curve	December 2007 Full Yield Curve
Salary Scale	3.00% - 3.25%	3.75%
Administrative Expenses Included In Target Normal Cost	Yes	No

Plan Name: United Water Resources Inc Retirement Plan

EIN: 22-2441477

Plan Number: 002

Schedule SB, line 25 – Change in Method

1. The actuarial value of assets was changed from Market Value to Smoothed Market Value over 24 months.

WRERA allows plan sponsors to use an averaging method with an expected rate of return in determining the Actuarial Value of Assets for the Plan. We have used three measurement points in a 24-month average of the expected assets as permitted under Notice 2009-22 using 8.25% as the expected rate of return on assets. This expected rate of return is limited to the third segment rate determined December 2006 for asset changes during 2007 (6.09%) and December 2007 for asset changes during 2008 (6.43%). The smoothed value of assets is further limited to corridor of 90% – 110% of the Market Value of assets.

2. Effective with the January 1, 2009 valuation for the United Water Resources Inc Retirement Plan, Aon Consulting changed actuarial software from an internal software program to the externally based ProVal system. In accordance with Announcement 2010-3, this change qualifies for automatic approval since:
 - a. The changes in funding target and target normal cost were each within 2%.
 - b. The underlying methods were unchanged from those used on the prior year's Schedule SB without regard to methods already receiving automatic approval.
 - c. The calculations determined with this software are no less accurate than those produced under the prior valuation system.
 - d. The change was not made in conjunction with a change in enrolled actuary and actuarial firm.

Plan Name: United Water Resources Inc Retirement Plan

EIN: 22-2441477

Plan Number: 002

Schedule SB, line 32a - Schedule of Amortization Bases

Date Established	Period Remaining	Current Year Present Value Factor	Balance		Annual Payment
			Original	Remaining	
01/01/2009	7	5.61489	\$13,907,139	\$13,907,139	\$2,476,832
Total				\$13,907,139	\$2,476,832

Plan Name: United Water Resources Inc Retirement Plan

EIN: 22-2441477

Plan Number: 002

Schedule SB, Line 26 - Schedule of Active Participant Data

Years of Service as of 01/01/2009											
Age	Under 1	01-04	05-09	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Under 25	4	14	0	0	0	0	0	0	0	0	18
	-	-	-	-	-	-	-	-	-	-	-
25 - 29	13	45	17	1	0	0	0	0	0	0	76
	-	47,419	-	-	-	-	-	-	-	-	48,020
30 - 34	12	50	32	11	0	0	0	0	0	0	105
	-	51,690	63,727	-	-	-	-	-	-	-	56,237
35 - 39	13	42	41	29	10	1	0	0	0	0	136
	-	64,357	63,801	67,032	-	-	-	-	-	-	64,952
40 - 44	21	56	34	24	33	22	1	0	0	0	191
	58,160	66,879	68,330	74,636	65,253	62,489	-	-	-	-	66,280
45 - 49	7	36	19	33	25	27	18	1	0	0	166
	-	57,358	-	68,523	61,264	70,049	-	-	-	-	65,382
50 - 54	8	32	29	28	19	23	39	23	4	0	205
	-	65,367	77,519	74,907	-	61,333	75,957	72,621	-	-	72,936
55 - 59	7	13	18	17	13	19	26	32	23	1	169
	-	-	-	-	-	-	61,794	73,631	75,159	-	71,850
60 - 64	0	5	15	14	10	4	5	6	10	6	75
	-	-	-	-	-	-	-	-	-	-	72,651
65 - 69	3	1	3	4	2	1	0	3	1	0	18
	-	-	-	-	-	-	-	-	-	-	-
70 & Up	0	0	0	0	0	0	0	0	0	1	1
	-	-	-	-	-	-	-	-	-	-	-
Totals	88	294	208	161	112	97	89	65	38	8	1,160
	60,775	58,806	67,799	71,498	69,063	64,342	68,665	72,598	72,484	-	65,781

Plan Name: United Water Resources Inc Retirement Plan
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Schedule SB, Part V – Summary of Plan Provisions

United Water Non-Bargaining

The following summary describes principal plan provisions assumed in calculating the cost of your pension plan.

General Information

Original Effective Date:	January 1, 1976
Effective Date of Last Amendment:	January 1, 2007
Plan Year:	January 1st to December 31st
Employer Fiscal Year	January 1st to December 31st
Employer ID Number:	22-2441477
Plan Administrator's ID Number:	22-2441477
Plan Number:	002
Plan Administrator:	Benefits Committee

The Plan Was Amended

- March 1, 1977 to incorporate improvements in survivorship options;
- January 1, 1980 to eliminate compulsory retirement at age 65;
- March 6, 1980 to delete the restriction on retaining a consultant;
- March, 1981 to incorporate surviving spouse pensions and changes in early retirement reduction tables;
- March 1, 1985 to improve benefits and disability pensions;
- January 1, 1988 to accommodate accruals beyond Normal Retirement Age;
- January 1, 1989 to improve vesting from 10 Years to 5 Years of Credited Service and to comply with provisions of the Tax Reform Act of 1986;

Schedule SB, Part V – Summary of Plan Provisions

- October 1, 1989 to improve Early Retirement by introducing an unreduced benefit from age 62 and after completion of 20 Years of Credited Service and to reduce the early commencement cutback for those retiring on or after age 55 with 10 Years of Credited Service. The previous early retirement requirements were age 55 and 15 Years of Credited Service.
- May 1, 1992 to include certain employees of United Water Resources;
- January 1, 1994 to reflect the limit on pensionable pay to \$150,000;
- Effective December 31, 1994, two Ad-Hoc pension increases were granted to certain retirees in receipt of benefits. The first was a special one-time increase in monthly pension benefits to offset the added cost of a new medical plan. The second was a pure cost-of-living adjustment, whereby the percentage of increase in the monthly benefit varied by year of retirement. These increases did not apply to former General Waterworks Corporation retirees.
- Effective December 31, 1994 the Pension Plan of General Waterworks Corporation was merged into this Plan. For former active participants in the Pension Plan of General Waterworks Corporation all past service is recognized for purposes of determining benefits and benefit eligibility under this Plan. Accrued Benefits under the Pension Plan of General Waterworks Corporation as of December 31, 1994 and attendant early retirement subsidies associated with such accrued benefits are preserved as minimum benefits under this Plan.
- Effective January 1, 1996, the New Mexico division of United Waterworks, Inc. was closed. The plan retained liabilities for accrued vested benefits.
- Effective March 1, 1998 to improve early retirement subsidies for those retiring prior to age 57.
- Effective January 1, 1999 the Plan was amended to recognize past service benefit accruals for those former United Water Services (UWS) participants who transferred to Department 700 on January 1, 1998. The January 1, 1998 UWS accrued benefit is an offset to the total service benefit.
- Effective January 1, 1999, United Water Mid-Atlantic adopted this Plan. Future service from January 1, 1999 is recognized for benefit accruals. Total service is recognized for purposes of vesting and benefit eligibility.
- Effective August 1, 1999 the Company offered an Early Retirement Window Program to selected participants who met certain age and service criteria. The election period for the Window closed September 21, 1999. Those electing to take the Window had to retire by the end of 1999. The criteria for the window required the attainment of age 54 and the completion of 15 Years of Credited Service (10 years for UWM&S) by the end of 1999. Select locations and individuals were excluded from the offer for business reasons. The Window provided an additional 5 years of age, service or combination thereof for purposes of determining the accrued pension and early retirement reduction factor. In addition, those

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Schedule SB, Part V – Summary of Plan Provisions

participants who had not attained age 62 by the end of 1999 would be eligible to receive a Social Security Supplement payable to age 62.

- Effective August 25, 1999 the South Gate Division of United Waterworks Inc. was sold to Utilities Inc. Vested accrued liabilities for those participants involved in the sale were retained by the Plan along with attendant assets.
- Effective September 29, 1999 United Water Rahway adopted this Plan. Future service from January 1, 2000 is recognized for benefit accruals. Total service is recognized for purposes of vesting and benefit eligibility.
- Effective December 1, 1999, the Plan was amended to increase the accrual rate for one participant retiring December 1, 1999.
- Effective January 1, 2000 United Properties Group adopted this Plan. Total service is recognized for purposes of vesting, benefit eligibility and benefit accruals. Benefits are offset by an actuarial equivalent annuity derived from 50% of the employer match account balance in the 401(k) Plan as of December 31, 1999.
- The following divisions of United Waterworks, Inc. were divested in 2000. Vested accrued liabilities for those participants involved in the sale were retained by the Plan along with attendant assets.

Division	Effective Date
Indiana	January 31, 2000
West Lafayette	January 31, 2000
Virginia	February 29, 2000
Missouri	April 30, 2000
Illinois	May 31, 2000

- Effective August 31, 2000 the Company offered an Early Retirement Window Program to selected participants who met certain age and service criteria. The election period for the Window closed November 30, 2000. Those electing to take the Window had to retire by the end of 2000. The criteria for the window required the attainment of age 50 and the completion of 15 Years of Credited Service or attainment of age 50 with at least 75 points (age plus service) by the end of 2000. Those who would otherwise have been eligible to participate in the 1999 Voluntary Early Retirement Program but were either not offered the Program or elected not to participate were also eligible for the 2000 Voluntary Early Retirement Program. The Window provided an additional 5 years of age, service or combination thereof for purposes of determining the accrued pension and early retirement reduction factor. In addition, those participants who had not attained age 62 by the end of 2000 would be eligible to receive a Social Security Supplement payable to age 62.

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- Effective December 31, 2000, the plan was amended to increase accrual rates for selected participants and add a flat minimum benefit of \$3,750 per year for UWM&S and Waterworks participants.
- Effective October 1, 2001, the plan was amended to eliminate early retirement subsidies for participants entering the plan on or after October 1, 2001.
- Effective December 31, 2001, the Florida Division of United Waterworks, Inc. was divested. Vested accrued liabilities for those participants involved in the sale were retained by the Plan along with attendant assets.
- Effective January 1, 2003 the Plan was amended to reflect the increase in the maximum Benefit Limit to \$160,000 and the compensation Limit to \$200,000 to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This new Compensation Limit was also applied retroactively prior to January 1, 2003.
- Effective May 28, 2004 United Water South County Water Inc. and United Water South County Sewer Inc. adopted this Plan. Vesting and benefit accrual service are measured from the later of May 28, 2004 or date of hire.
- Effective January 1, 2005 the Company adopted UP 84 mortality and a 7.5% interest rate as the new basis for optional form conversion factors for all participants and early retirement reduction factors for participants hired after October 1, 2001.
- Effective April 1, 2006, the United Water New Jersey Inc. Employees' Retirement Plan Bargaining Unit merged into this Plan.
- Effective August 1, 2006, the United Water New York Inc. Employees' Retirement Plan Bargaining Unit merged into this Plan.
- Effective January 1, 2007 the Plan was amended to provide additional benefits for executives that would otherwise be payable from the United Water Resources Inc. Supplemental Executive Retirement Plan.
- Effective January 1, 2007, United Waterworks Inc. Employees' Retirement Plan Bargaining Unit merged into this Plan.

Eligibility

All Employees participate on the day following the day on which the employee is first credited with an hour of covered service.

Service

Credited Year of Service shall mean each year commencing with the employee's employment commencement date during which the employee performs 1,000 or more hours of service.

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Schedule SB, Part V – Summary of Plan Provisions

Average Compensation

The Average Base Wage or Salary Rate for the highest five of the last ten consecutive Credited Years of Service.

Accrued Benefit

The Accrued Benefit at any time prior to a participant's Normal Retirement Date shall be the Normal Retirement Benefit calculated using average compensation and Credited Service as of the accrual date.

Normal Retirement Date

The Normal Retirement Date for each participant is the first day of the month following his 65th birthday or the fifth anniversary of employment, whichever is later.

Normal Retirement Benefit

Normal Retirement Benefit - an amount equal to the difference between (i) and (ii) with a minimum of (iii):

- (i) 1 1/2% of Average Base Wage or Salary Rate
Times
Years of Credited Service to Normal Retirement Date, and
- (ii) with respect to an Employee of a Company who was not a Participant on December 31, 1986, the Actuarial Equivalent of the amount of annuity payable at Normal Retirement Date, attributable to the actual amount of increased matching contributions with earnings of 8.5% that were made under the Employees' Thrift Plan of Hackensack Water Company and Spring Valley Water Company Incorporated. Actuarial Equivalence is based upon the UP-84 Mortality Table and 7.5% interest per annum.
- (iii) For former participants of the Pension Plan of General Waterworks Corporation the Accrued Normal Retirement Benefit as of December 31, 1994 under such Plan.

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Schedule SB, Part V – Summary of Plan Provisions

Delayed Retirement

A participant may continue in the employment of the Employer after his Normal Retirement Date. In such event he will receive at actual retirement the greater of the actuarial equivalent of his Normal Retirement Benefit or the benefit based on service and compensation as of actual Retirement Date.

Early Retirement Benefit

A participant may elect to retire and commence receipt of a reduced pension on the first day of any month subsequent to his 55th birthday and completion of 10 Years of Credited Service.

The Early Retirement Benefit is an amount equal to the difference between (i) and (ii) with a minimum of (iii):

- (i) $1\frac{1}{2}\%$ of Average Base Wage or Salary Rate
Times
Years of Credited Service to Early Retirement Date, and
- (ii) with respect to an Employee of a Company who was not a Participant on December 31, 1986, the Actuarial Equivalent of the amount of annuity payable at Benefit Commencement Date, attributable to the actual amount of increased matching contributions with earnings of 8.5% that were made under the Employees' Thrift Plan of Hackensack Water Company and Spring Valley Water Company Incorporated. Actuarial Equivalence is based upon the UP-84 Mortality Table and 7.5% interest per annum.

For participants in the plan prior to October 1, 2001 whose pension payments commence prior to Normal Retirement Date, payment amounts under (i) are reduced .0833% per month during the 3-year period immediately preceding Normal Retirement Date and .1667% per month during the next preceding 7-year period. Unreduced pension benefits are payable immediately should a participant retire from active service after having attained age 62 and completed 20 Years of Credited Service.

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For participants entering the plan on or after October 1, 2001 whose pension payments commence prior to Normal Retirement Date, payment amounts are reduced in accordance with the following table:

<u>Age</u>	<u>Factor</u>
55	34.41%
56	37.94%
57	41.90%
58	46.36%
59	51.40%
60	57.09%
61	63.55%
62	70.91%
63	79.31%
64	88.93%
65	100.00%

- (iii) For former participants of the Pension Plan of General Waterworks Corporation the Accrued Benefits and attendant early retirement subsidies as of December 31, 1994 under such Plan based on combined eligibility service.

Disability Retirement Date

The first day of any month following the determination of disability, provided ten Years of Credited Service were completed.

Disability Retirement Benefits

- (i) Partial Disability

A pension based upon the Accrued Benefit formula, to commence at disability retirement, reduced at age 55 using the early retirement formula and further reduced 3% per year for each year prior to age 55.

- (ii) Permanent Disability

The Accrued Benefit payable at disability retirement unreduced from the benefit which would have been payable at age 65.

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Death Benefit

- (i) If a married participant with 5 or more Years of Credited Service dies, his surviving spouse will receive a life income commencing on the first of the month following the date the participant dies.

If the participant dies prior to the attainment of his Early Retirement Age, the monthly benefit payable to his surviving spouse shall be calculated as if the participant had attained age 55 at the time of his death but only taking into account Credited Service to the date of his death.

If the participant was still in the employ of the Company on the date of his death, the pension to the participant's surviving spouse will be equal to the pension the participant would have received had he elected a 100% Joint and Survivor Annuity actuarially reduced from the life only pension.

If the participant dies after terminating employment with the Company, the pension to the participant's surviving spouse will be 50% of the pension the participant would have received had he elected a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

- (ii) For Married Participants with a Surviving Spouse, upon attainment of Normal Retirement Age

Unless elected otherwise, an annuity payable in the form of a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

- (iii) For Single Members

None.

Severance Benefit

A participant who terminates his employment prior to his Normal Retirement Date and prior to having completed 5 Years of Credited Service is entitled to no benefits hereunder.

A participant who terminates his employment after his Normal Retirement Date or after having completed 5 Years of Credited Service is entitled to 100% of his accrued benefit, deferred to his Normal Retirement Date.

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Other Benefits

Ad-Hoc Retiree Pension Increases Effective December 31, 1994:

- (i) One-time increase to cover increase in employee contributions for new medical plan:

<u>Medical Coverage</u>	<u>Monthly Increase</u>
Retiree with Single Medical Coverage	\$31.00
Retiree with Family Medical Coverage	\$93.00

- (ii) One-time increase for medical plan design changes

<u>Year of Retirement</u>	<u>Monthly Increase</u>	
	<u>Single</u>	<u>Family</u>
Before 4/1/86	\$30	\$80
4/1/86 - 3/31/88	25	65
4/1/88 - 4/1/92	20	55
After 4/1/92	10	25

- (iii) COLA

<u>Year of Retirement</u>	<u>Percent Increase</u>
Prior to 1986	15.0%
1986	13.5
1987	12.0
1988	10.5
1989	9.0
1990	7.5
1991	6.0
1992	4.5
After 1992	0.0

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Normal Form of Payment

The Normal Form of Payment is an annuity paid in monthly installments for life.

Optional Methods of Settlement

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment. If a married participant does not elect the Normal Form of Payment or does not elect one of the Optional Methods of Settlement described below, then the participant's Retirement Benefit shall automatically be paid under option [1] below. The options are:

- (1) A reduced benefit to be paid during the participant's lifetime with one-half of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (2) A reduced benefit to be paid during the participant's lifetime with 2/3rd or 3/4th of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (3) A reduced benefit to be paid during the participant's lifetime with the same reduced benefit to be continued to his spouse for her lifetime after his death.
- (4) A reduced benefit to be paid for 120 or 180 Months Certain and thereafter for life.

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment on a unisex basis based on the UP-1984 Mortality Table 7.5% interest per annum.

Amendment or Termination of Plan

The Employer reserves the right to amend or terminate the Plan at any time. Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards or is unable to pay benefits when due.

If the Plan is terminated, the Plan assets will be distributed among the Plan participants based upon a priority allocation procedure, and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Parties to the Plan

Assets of the Plan are held by Diversified Investment Advisors.

Additional Information

The above description is a summary only; for additional details, reference should be made to the formal Plan document.

Plan Name: United Water Resources Inc Retirement Plan
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Plan Number: 002

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United Water New Jersey Bargaining

The following summary describes principal plan provisions assumed in calculating the cost of your pension plan.

General Information

Original Effective Date:	January 1, 1976
Effective Date of Last Amendment:	April 1, 2006
Plan Year:	January 1st to December 31st
Employer Fiscal Year	January 1st to December 31st
Employer ID Number:	22-2441477
Plan Administrator's ID Number:	22-2441477
Plan Number:	002
Plan Administrator:	Benefits Committee

Name of Former Plan

On July 24, 1995 the plan name was changed effective March 13, 1995 from the Hackensack Water Company Employees' Retirement Plan -- Bargaining Unit to the United Water New Jersey Inc. Employees' Retirement Plan - Bargaining Unit.

The Plan Was Amended

- March 1, 1977 to incorporate improvements in survivorship options;
- January 1, 1980 to eliminate compulsory retirement at age 65;
- March 6, 1980 to delete the restriction on retaining a consultant;
- March, 1981 to incorporate surviving spouse pensions and changes in early retirement reduction tables;
- March 1, 1985 to improve benefits and disability pensions;
- January 1, 1988 to accommodate benefit accruals beyond Normal Retirement Age;

Schedule SB, Part V – Summary of Plan Provisions

- January 1, 1989 to improve vesting from 10 Years to 5 Years of Credited Service, to improve the early retirement benefits, and to comply with provisions of the Tax Reform Act of 1986;
- January 1, 1994 to reflect the limit on pensionable pay to \$150,000;
- Effective December 31, 1994, two Ad-Hoc pension increases were granted to certain retirees in receipt of benefits. The first was a special one-time increase in monthly pension benefits to offset the added cost of a new medical plan. The second was a pure cost-of-living adjustment, whereby the percentage of increase in the monthly benefit varied by year of retirement; and
- Effective March 1, 1995 to provide an active death benefit for single participants with 15 years of service equal to the survivors portion of an actuarially equivalent 15 year certain and continuous benefit.
- Effective March 1, 1998 to improve early retirement subsidies for those retiring prior to age 57.
- January 1, 2003 to reflect the increase in the maximum Benefit Limit to \$160,000 and the Compensation Limit to \$200,000 to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This new Compensation Limit was also applied retroactively prior to January 1, 2003.
- Effective January 1, 2003, the company offered an Early Retirement Window Program to selected participants who met certain age and service criteria. The election period for the Window closed on March 14, 2003. Those electing to take the Window have to retire by April 1, 2003. The criteria for the window required the attainment of age 55 and the completion of at least fifteen (15) Years of Credited Service as of December 31, 2002. The Window provided an additional 5 years of age, service or combination thereof for purposes of determining the accrued pension and early retirement reduction factor. In addition, those participants who had not attained age 62 by April 1, 2003 would be eligible to receive a Social Security supplement payable to age 62.
- Effective September 29, 2003, the company offered an Early Retirement Window Program to selected participants who met certain age and service criteria. The election period for the Window closed on December 15, 2003. Those electing to take the Window must retire by the end of 2003. The criteria for the window required the attainment of age 55 and the completion of at least thirty (30) Years of Credited Service except for employees currently assigned to the Corporate Office Support Department for whom the criteria is attainment of age 60 and completion of at least fifteen (15) Years of Credited Service as of April 1, 2003. The Window provided an additional 5 years of age, service or combination thereof for purposes of determining the accrued pension and early retirement reduction factor. In addition, those participants who had not attained age 62 by the end of 2003 would be eligible to receive a Social Security supplement payable to age 62.

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- Effective January 1, 2005 the Company adopted UP 84 mortality and a 7.50% interest rate as the new basis for optional form conversion factors.
- Effective April 1, 2006, the Company improved the benefits by providing an additional Career Average Benefit equal to .50% of Pay per year of Service from January 1, 2001 to December 31, 2005 payable on an unreduced basis at Early Retirement.
- Effective April 1, 2006, this Plan merged with United Water Resources, Inc. Retirement Plan.

Eligibility

All Bargaining Employees of the United Water New Jersey Inc. participate on the day following the day on which the bargained employee is first credited with an hour of covered service.

Service

Credited Year of Service shall mean each year commencing with the employee's employment commencement date during which the employee performs 1,000 or more hours of service.

Average Compensation

The Average Base Wage or Salary Rate for the highest five of the last ten consecutive Credited Years of Service.

Accrued Benefit

The Accrued Benefit at any time prior to a participant's Normal Retirement Date shall be the Normal Retirement Benefit calculated using average compensation and Credited Service as of the accrual date.

Normal Retirement Date

The Normal Retirement Date for each participant is the first day of the month following his 65th birthday or the fifth anniversary of employment, whichever is later.

Normal Retirement Benefit

1 1/2% of Average Base Wage or Salary Rate
Times

Years of Credited Service to Normal Retirement Date.

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Delayed Retirement

A participant may continue in the employment of the Employer after his Normal Retirement Date. In such event he will receive at actual retirement the greater of the actuarial equivalent of his Normal Retirement Benefit or the benefit based on service and compensation as of actual Retirement Date.

Early Retirement Benefit

A participant may elect to retire and commence receipt of a reduced pension on the first day of any month subsequent to his 55th birthday and completion of 10 Years of Credited Service. A participant may elect to retire from active service on the first day of any month subsequent to his 62nd birthday and completion of 20 Years of Credited Service and commence receipt of an unreduced pension.

The Early Retirement Benefit is an amount equal to:

1 1/2% of Average Base Wage or Salary Rate

Times

Years of Credited Service to Early Retirement Date

Should pension payments commence prior to Normal Retirement Date payment amounts are reduced .0833% per month during the 3-year period immediately preceding Normal Retirement Date and .1667% per month during the next preceding 7-year period. Unreduced pension benefits are payable immediately should a participant retire from active service after having attained age 62 and completed 20 Years of Credited Service.

Disability Retirement Date

The first day of any month following the determination of disability, provided ten Years of Credited Service were completed.

Disability Retirement Benefits

(i) Partial Disability

A pension based upon the Accrued Benefit formula, to commence at disability retirement, reduced at age 55 using the early retirement formula and further reduced 3% per year for each year prior to age 55.

(ii) Permanent Disability

The Accrued Benefit payable at disability retirement unreduced from the benefit which would have been payable at age 65.

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Death Benefit

- (i) If a married participant with 5 or more Years of Credited Service dies, his surviving spouse will receive a life income commencing on the first of the month following the date the participant dies.

If the participant dies prior to the attainment of his Early Retirement Age, the monthly benefit payable to his surviving spouse shall be calculated as if the participant had attained age 55 at the time of his death but only taking into account Credited Service to the date of his death.

If the participant was still in the employ of the Company on the date of his death, the pension to the participant's surviving spouse will be equal to the pension the participant would have received had he elected a 100% Joint and Survivor Annuity actuarially reduced from the life only pension.

If the participant dies after terminating employment with the Company, the pension to the participant's surviving spouse will be 50% of the pension the participant would have received had he elected a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

- (ii) For Married Participants with a Surviving Spouse, upon attainment of Normal Retirement Age

Unless elected otherwise, an annuity payable in the form of a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

- (iii) For Single Members

If a single participant with 15 or more Years of Credited Service dies, his beneficiary will receive a monthly benefit equal to the survivors portion of an actuarially equivalent 15 year certain and continuous benefit.

Severance Benefit

A participant who terminates his employment prior to his Normal Retirement Date and prior to having completed 5 Years of Credited Service is entitled to no benefits hereunder.

A participant who terminates his employment after his Normal Retirement Date or after having completed 5 Years of Credited Service is entitled to 100% of his accrued benefit, deferred to his Normal Retirement Date.

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Other Benefits

Ad-Hoc Retiree Pension Increases Effective December 31, 1994:

- (i) One-time increase to cover increase in employee contributions for new medical plan:

<u>Medical Coverage</u>	<u>Monthly Increase</u>
Retiree with Single Medical Coverage	\$31.00
Retiree with Family Medical Coverage	\$93.00

- (ii) One-time increase for medical plan design changes

<u>Year of Retirement</u>	<u>Monthly Increase</u>	
	<u>Single</u>	<u>Family</u>
Before 4/1/86	\$30	\$80
4/1/86 - 3/31/88	25	65
4/1/88 - 4/1/92	20	55
After 4/1/92	10	25

- (iii) COLA

<u>Year of Retirement</u>	<u>Percent Increase</u>
Prior to 1986	15.0%
1986	13.5
1987	12.0
1988	10.5
1989	9.0
1990	7.5
1991	6.0
1992	4.5
After 1992	0.0

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Normal Form of Payment

The Normal Form of Payment is an annuity paid in monthly installments for life.

Optional Methods of Settlement

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment. If a married participant does not elect the Normal Form of Payment or does not elect one of the Optional Methods of Settlement described below, then the participant's Retirement Benefit shall automatically be paid under option [1] below. The options are:

- (1) A reduced benefit to be paid during the participant's lifetime with one-half of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (2) A reduced benefit to be paid during the participant's lifetime with 2/3rd or 3/4th of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (3) A reduced benefit to be paid during the participant's lifetime with the same reduced benefit to be continued to his spouse for her lifetime after his death.
- (4) A reduced benefit to be paid for 120 or 180 Months Certain and thereafter for life.

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment on a unisex basis based on the UP-1984 Mortality Table 7.5% interest per annum.

Amendment or Termination of Plan

The Employer reserves the right to amend or terminate the Plan at any time. Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards or is unable to pay benefits when due.

If the Plan is terminated, the Plan assets will be distributed among the Plan participants based upon a priority allocation procedure, and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Parties to the Plan

Assets of the Plan are held by Diversified Investment Advisors.

Additional Information

The above description is a summary only; for additional details, reference should be made to the formal Plan document.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

United Water New York Bargaining

The following summary describes principal plan provisions assumed in calculating the cost of your pension plan.

General Information

Original Effective Date:	January 1, 1976
Effective Date of Last Amendment:	August 1, 2006
Plan Year:	January 1st to December 31st
Employer Fiscal Year	January 1st to December 31st
Employer ID Number:	22-2441477
Plan Administrator's ID Number:	22-2441477
Plan Number:	002
Plan Administrator:	Benefits Committee

Name of Former Plan

On December 4, 1995 the plan name was changed effective March 21, 1995 from the Spring Valley Water Company Incorporated Employees' Retirement Plan -- Bargaining Unit to the United Water New York Inc. Employees' Retirement Plan - Bargaining Unit.

The Plan Was Amended

- March 1, 1977 to incorporate improvements in survivorship options;
- January 1, 1980 to eliminate compulsory retirement at age 65;
- March 6, 1980 to delete the restriction on retaining a consultant;
- March, 1981 to incorporate surviving spouse pensions and changes in early retirement reduction tables;
- March 1, 1985 to improve benefits and disability pensions;
- January 1, 1988 to accommodate accruals beyond Normal Retirement Age;

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

- January 1, 1989 to improve vesting from 10 Years to 5 Years of Credited Service and to comply with provisions of the Tax Reform Act of 1986;
- September 1, 1990 to improve early retirement benefits and offer a 20-year Certain and Continuous optional form of payment;
- January 1, 1994 to reflect the limit on pensionable pay to \$150,000; and
- In September of 1996 a new labor agreement was ratified which granted, effective December 31, 1994, two Ad-Hoc pension increases to certain retirees in receipt of benefits as of December 31, 1994. The first was a special one-time increase in monthly pension benefits to offset the added cost of a new medical plan. The second was a pure cost-of-living adjustment, whereby the percentage of increase in the monthly benefit varied by year of retirement. These increases were reflected in FAS 87 Net Periodic Pension Cost for 1996. For ERISA funding purposes the increases are recognized effective with the January 1, 1997 valuation.
- January 1, 2003 to reflect the increase in the maximum Benefit Limit to \$160,000 and the Compensation Limit to \$200,000 to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This new Compensation Limit was also applied retroactively prior to January 1, 2003.
- Effective September 29, 2003, the Company offered an Early Retirement Window Program to selected participants who met certain age and service criteria. The election period for the Window closed on December 8, 2003. Those electing to take the Window have to retire by the end of 2003. The criteria for the window required the attainment of age 62 and the completion of at least fifteen (15) Years of Credited Service except for employees employed as Utility Person Pumping for whom the criteria is attainment of age 59 and completion of at least fifteen (15) Years of Credited Service as of February 1, 2003. The Window provided an additional 5 years of age, service or combination thereof for purposes of determining the accrued pension and early retirement reduction factor. In addition, those participants who had not attained age 62 by the end of 2003 would be eligible to receive a Social Security Supplement payable to age 62.
- Effective January 1, 2005 the Company adopted UP 84 mortality and a 7.5% interest rate as the new basis for optional form conversion factors.
- Effective August 1, 2006, the company improved the benefits by providing an additional Career Average Benefit equal to .50% of Pay per year of Service from January 1, 2001 to December 31, 2005 payable on an unreduced basis at Early Retirement.
- Effective August 1, 2006, this Plan merged with the United Water Resources Inc. Retirement Plan.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

Eligibility

All Bargaining Employees of the United Water New York Inc. participate on the day following the day on which the bargained employee is first credited with an hour of covered service.

Service

Credited Year of Service shall mean each year commencing with the employee's employment commencement date during which the employee performs 1,000 or more hours of service.

Average Compensation

The Average Base Wage or Salary Rate for the highest five of the last ten consecutive Credited Years of Service.

Accrued Benefit

The Accrued Benefit at any time prior to a participant's Normal Retirement Date shall be the Normal Retirement Benefit calculated using average compensation and Credited Service as of the accrual date.

Normal Retirement Date

The Normal Retirement Date for each participant is the first day of the month following his 65th birthday or the fifth anniversary of employment, whichever is later.

Normal Retirement Benefit

1 1/2% of Average Base Wage or Salary Rate

Times

Years of Credited Service to Normal Retirement Date.

Delayed Retirement

A participant may continue in the employment of the Employer after his Normal Retirement Date. In such event he will receive at actual retirement the greater of the actuarial equivalent of his Normal Retirement Benefit or the benefit based on service and compensation as of actual Retirement Date.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

Early Retirement Benefit

A participant may elect to retire and commence receipt of a reduced pension on the first day of any month subsequent to his 55th birthday and completion of 10 Years of Credited Service. A participant may elect to retire from active service on the first day of any month subsequent to his 62nd birthday and completion of 20 Years of Credited Service and commence receipt of an unreduced pension.

The Early Retirement Benefit is an amount equal to:

1 1/2% of Average Base Wage or Salary Rate

Times

Years of Credited Service to Early Retirement Date

Should pension payments commence prior to Normal Retirement Date payment amounts are reduced .0833% per month during the 3-year period immediately preceding Normal Retirement Date and .1667% per month during the next preceding 7-year period. Unreduced pension benefits are payable immediately should a participant retire from active service after having attained age 62 and completed 20 Years of Credited Service.

Disability Retirement Date

The first day of any month following the determination of disability, provided ten Years of Credited Service were completed.

Disability Retirement Benefits

(i) Partial Disability

A pension based upon the Accrued Benefit formula, to commence at disability retirement, reduced at age 55 using the early retirement formula and further reduced 3% per year for each year prior to age 55.

(ii) Permanent Disability

The Accrued Benefit payable at disability retirement unreduced from the benefit which would have been payable at age 65.

Schedule SB, Part V – Summary of Plan Provisions

Death Benefit

- (i) If a married participant with 5 or more Years of Credited Service dies, his surviving spouse will receive a life income commencing on the first of the month following the date the participant dies.

If the participant dies prior to the attainment of his Early Retirement Age, the monthly benefit payable to his surviving spouse shall be calculated as if the participant had attained age 55 at the time of his death but only taking into account Credited Service to the date of his death.

If the participant was still in the employ of the Company on the date of his death, the pension to the participant's surviving spouse will be equal to the pension the participant would have received had he elected a 100% Joint and Survivor Annuity actuarially reduced from the life only pension.

If the participant dies after terminating employment with the Company, the pension to the participant's surviving spouse will be 50% of the pension the participant would have received had he elected a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

- (ii) For Married Participants with a Surviving Spouse, upon attainment of Normal Retirement Age

Unless elected otherwise, an annuity payable in the form of a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

- (iii) For Single Members

None.

Severance Benefit

A participant who terminates his employment prior to his Normal Retirement Date and prior to having completed 5 Years of Credited Service is entitled to no benefits hereunder.

A participant who terminates his employment after his Normal Retirement Date or after having completed 5 Years of Credited Service is entitled to 100% of his accrued benefit, deferred to his Normal Retirement Date.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

Other Benefits

Ad-Hoc Retiree Pension Increases Effective December 31, 1994:

- (i) One-time increase to cover increase in employee contributions for new medical plan:

<u>Medical Coverage</u>	<u>Monthly Increase</u>
Retiree with Single Medical Coverage	\$31.00
Retiree with Family Medical Coverage	\$93.00

- (ii) One-time increase for medical plan design changes

<u>Year of Retirement</u>	<u>Monthly Increase</u>	
	<u>Single</u>	<u>Family</u>
Before 4/1/86	\$30	\$80
4/1/86 - 3/31/88	25	65
4/1/88 - 4/1/92	20	55
After 4/1/92	10	25

- (iii) COLA

<u>Year of Retirement</u>	<u>Percent Increase</u>
Prior to 1986	15.0%
1986	13.5
1987	12.0
1988	10.5
1989	9.0
1990	7.5
1991	6.0
1992	4.5
After 1992	0.0

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

Normal Form of Payment

The Normal Form of Payment is an annuity paid in monthly installments for life.

Optional Methods of Settlement

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment. If a married participant does not elect the Normal Form of Payment or does not elect one of the Optional Methods of Settlement described below, then the participant's Retirement Benefit shall automatically be paid under option [1] below. The options are:

- (1) A reduced benefit to be paid during the participant's lifetime with one-half of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (2) A reduced benefit to be paid during the participant's lifetime with 2/3rd or 3/4th of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (3) A reduced benefit to be paid during the participant's lifetime with the same reduced benefit to be continued to his spouse for her lifetime after his death.
- (4) A reduced benefit to be paid for 120, 180 or 240 Months Certain and thereafter for life.

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment on a unisex basis based on the UP-1984 Mortality Table 7.5% interest per annum.

Amendment or Termination of Plan

The Employer reserves the right to amend or terminate the Plan at any time. Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards or is unable to pay benefits when due.

If the Plan is terminated, the Plan assets will be distributed among the Plan participants based upon a priority allocation procedure, and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Parties to the Plan

Assets of the Plan are held by Diversified Investment Advisors.

Additional Information

The above description is a summary only; for additional details, reference should be made to the formal Plan document.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

United Waterworks Bargaining

The following summary describes principal plan provisions assumed in calculating the cost of your pension plan.

General Information

Original Effective Date:	December 31, 1994
Effective Date of Last Amendment:	January 1, 2007
Plan Year:	January 1st to December 31st
Employer Fiscal Year	January 1st to December 31st
Employer ID Number:	22-2441477
Plan Administrator's ID Number:	22-2441477
Plan Number:	002
Plan Administrator:	Benefits Committee

Name of Former Plan

On March 14, 1995 the plan name was changed effective March 14, 1995 from the General Waterworks Corporation Employees' Retirement Plan - Bargaining Unit to the United Waterworks Inc. Employees' Retirement Plan - Bargaining Unit.

Schedule SB, Part V – Summary of Plan Provisions

The Plan Was Amended

- January 1, 2003 to reflect the increase in the maximum Benefit Limit to \$160,000 and the Compensation Limit to \$200,000 to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This new Compensation Limit was also applied retroactively prior to January 1, 2003.
- Effective April 1, 2003 Annual Compensation was amended to mean base wages and lump sum payments in lieu of base wage rate increases but excludes overtime pay, vacation pay, fringe benefits, reimbursements, expense allowances, bonuses, remuneration received attributable to moving expenses, exercise of any stock options, other special remuneration, commissions, nontaxable expense allowances, contributions under this Plan and any other qualified employee benefit plan, and any premiums paid under any group health, life, accident or other insurance plan paid to an Employee.
- Effective June 1, 2003, the company offered an Early Retirement Window Program to selected participants who met certain age and service criteria. The election period closed on August 28, 2003. Those electing to take the Window had to retire by September 1, 2003. The criteria for the window are based on the following:
 - (a) United Water New Rochelle, Inc.: Attainment of age 55 and the completion of at least fifteen (15) Years of Credited Service as of December 31, 2002.
 - (b) United Water Delaware, Inc. and United Water Pennsylvania, Inc. at the Harrisburg location: Attainment of age 55 and the completion of at least fifteen (15) Years of Credited Service as of April 1, 2003.
 - (c) United Water Pennsylvania, Inc. at the Bloomsburg location: Attainment of age 60 and the completion of at least ten (10) Years of Credited Service as of April 1, 2003.

The Window provided an additional 5 years of age, service or combination thereof for purposes of determining the accrued pension and early retirement reduction factor. In addition, those participants who had not attained age 62 by the end of 2003 would be eligible to receive a Social Security Supplement payable to age 62.

- Effective January 1, 2005 the Company adopted UP 84 mortality and a 7.50% interest rate as the new basis for optional form conversion factors.
- Effective January 1, 2007 the Plan merged with the United Water Resources, Inc. Retirement Plan.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

Eligibility

All Bargaining Employees of the United Waterworks participate on the day following the day on which the bargained employee is first credited with an hour of covered service.

Service

Credited Year of Service shall mean each year commencing with the employee's employment commencement date during which the employee performs 1,000 or more hours of service.

Average Compensation

The Average Base Wage or Salary Rate for the highest five of the last ten consecutive Credited Years of Service.

Accrued Benefit

The Accrued Benefit at any time prior to a participant's Normal Retirement Date shall be the Normal Retirement Benefit calculated using average compensation and Credited Service as of the accrual date.

Normal Retirement Date

The Normal Retirement Date for each participant is the first day of the month following his 65th birthday or the fifth anniversary of employment, whichever is later.

Normal Retirement Benefit

Normal Retirement Benefit: The greater of (i) or (ii)

- (i) $1\frac{1}{2}\%$ of Average Base Wage or Salary Rate
Times
Years of Credited Service to Normal Retirement Date
- (ii) Accrued Normal Retirement Benefit as of December 31, 1994 under the Pension Plan of General Waterworks Corporation.

Schedule SB, Part V – Summary of Plan Provisions

Delayed Retirement

A participant may continue in the employment of the Employer after his Normal Retirement Date. In such event he will receive at actual retirement the greater of the actuarial equivalent of his Normal Retirement Benefit or the benefit based on service and compensation as of actual Retirement Date.

Early Retirement Benefit

A participant may elect to retire and commence receipt of a reduced pension on the first day of any month subsequent to his 55th birthday and completion of 10 Years of Credited Service. A participant may elect to retire from active service on the first day of any month subsequent to his 62nd birthday and completion of 20 Years of Credited Service and commence receipt of an unreduced pension.

The Early Retirement Benefit is an amount equal to the greater of (i) or (ii)

- (i) $1\frac{1}{2}\%$ of Average Base Wage or Salary Rate
Times
Years of Credited Service to Early Retirement Date

Should pension payments commence prior to Normal Retirement Date payment amounts are reduced .0833% per month during the 3-year period immediately preceding Normal Retirement Date and .1667% per month during the next preceding 7-year period. Unreduced pension benefits are payable immediately should a participant retire from active service after having attained age 62 and completed 20 Years of Credited Service.

- (ii) Accrued Benefits as of December 31, 1994 under the Pension Plan of General Waterworks Corporation and attendant early retirement subsidies based on combined eligibility service.

Schedule SB, Part V – Summary of Plan Provisions

Disability Retirement Date

The first day of any month following the determination of disability, provided ten Years of Credited Service were completed.

Disability Retirement Benefits

(i) Partial Disability

A pension based upon the Accrued Benefit formula, to commence at disability retirement, reduced at age 55 using the early retirement formula and further reduced 3% per year for each year prior to age 55.

(ii) Permanent Disability

The Accrued Benefit payable at disability retirement unreduced from the benefit which would have been payable at age 65.

Death Benefit

- (i) If a married participant with 5 or more Years of Credited Service dies, his surviving spouse will receive a life income commencing on the first of the month following the date the participant dies.

If the participant dies prior to the attainment of his Early Retirement Age, the monthly benefit payable to his surviving spouse shall be calculated as if the participant had attained age 55 at the time of his death but only taking into account Credited Service to the date of his death.

If the participant was still in the employ of the Company on the date of his death, the pension to the participant's surviving spouse will be equal to the pension the participant would have received had he elected a 100% Joint and Survivor Annuity actuarially reduced from the life only pension.

If the participant dies after terminating employment with the Company, the pension to the participant's surviving spouse will be 50% of the pension the participant would have received had he elected a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

- (ii) For Married Participants with a Surviving Spouse, upon attainment of Normal Retirement Age

Unless elected otherwise, an annuity payable in the form of a 50% Joint and Survivor Annuity actuarially reduced from the life only pension.

- (iii) For Single Members

None

Severance Benefit

A participant who terminates his employment prior to his Normal Retirement Date and prior to having completed 5 Years of Credited Service is entitled to no benefits hereunder.

A participant who terminates his employment after his Normal Retirement Date or after having completed 5 Years of Credited Service is entitled to 100% of his accrued benefit, deferred to his Normal Retirement Date.

Normal Form of Payment

The Normal Form of Payment is an annuity paid in monthly installments for life.

Optional Methods of Settlement

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment. If a married participant does not elect the Normal Form of Payment or does not elect one of the Optional Methods of Settlement described below, then the participant's Retirement Benefit shall automatically be paid under option [1] below. The options are:

- (5) A reduced benefit to be paid during the participant's lifetime with one-half of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (6) A reduced benefit to be paid during the participant's lifetime with $\frac{2}{3}$ rd or $\frac{3}{4}$ th of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (7) A reduced benefit to be paid during the participant's lifetime with the same reduced benefit to be continued to his spouse for her lifetime after his death.
- (8) A reduced benefit to be paid for 120 or 180 Months Certain and thereafter for life.

All Optional Methods of Settlement are actuarially equivalent to the Normal Form of Payment on a unisex basis based on the UP-1984 Mortality Table 7.5% interest per annum.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Part V – Summary of Plan Provisions

Amendment or Termination of Plan

The Employer reserves the right to amend or terminate the Plan at any time. Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards or is unable to pay benefits when due.

If the Plan is terminated, the Plan assets will be distributed among the Plan participants based upon a priority allocation procedure, and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Parties to the Plan

Assets of the Plan are held by Diversified Investment Advisors.

Additional Information

The above description is a summary only; for additional details, reference should be made to the formal Plan document.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods

Cost Method

Unit Credit.

Asset Method

The actuarial value of assets is determined by using Market Value. The actuarial value of assets may not exceed 110% of market value, nor be less than 90% of market value.

Dates of Calculations

The Valuation Date is January 1, 2009.

Employees Included in the Calculations

All active employees who have met the Plan's eligibility requirements as of the valuation date are included in the calculations. Former employees or their survivors who are receiving or entitled to receive an immediate or deferred benefit under the provisions of the Plan are also included.

Source of Data

Data is as of the valuation date and is supplied to us by the Employer.

Interest and Other Rate Assumptions

Below is a summary of interest and inflation rates used for the January 1, 2009 valuation.

Interest Rates		Assumption
(1)	Funding	
	(a) Pre-Retirement	8.17%
	(b) Post-Retirement	8.17%
(2)	FAS 35	8.50%
Other Rates		Assumption
(1)	Future Salaries	
	Funding	
	(a) Bargained Employees	3.25%
	(b) Non-Bargained Employees	3.00%
	FAS 35	None

Plan Name: United Water Resources Inc Retirement Plan
 EIN: 22-2441477
 Plan Number: 002

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods

Decrement Assumptions

Below is a summary of decrements used in this valuation.

Mortality Decrements		Description
(1)	Funding	
	Actives & Non-Disabled Inactives	PPA Prescribed Tables: RP-2000 Annuitant and Non Annuitant Tables
	Disabled Inactives	Curr. Liab Disabled < 1/1/95 Curr. Liab Disabled > 1/1/95
(2)	FAS 35	
	Actives & Non-Disabled Inactives	RP-2000 Combined Healthy Tables
	Disabled Inactives	PBGC Disabled Males and Females With OASDI

—Retirement—		—Disability—			—Termination—		
Decrement		Decrement	Male	Female	Decrement	Male	Female
Age	Rates	Age	Rates	Rates	Age	Rates	Rates
55	0.020000	25	0.000600	0.000600	25	0.051700	0.051700
56	0.010204	40	0.001100	0.001100	40	0.024200	0.024200
57	0.010309	55	0.010200	0.010200	55	0.008800	0.008800
58	0.010417	65	0.000000	0.000000	65	0.000000	0.000000
59	0.010526						
60	0.031915						
61	0.054945						
62	0.290698						
63	0.327869						
64	0.487805						
65	0.714286						
66	0.666667						
67	0.500000						
68	1.000000						

The weighted average retirement age is 62.89. Sample Retirement, Disability, and Termination rates are illustrated in the tables above.

Plan Name: United Water Resources Inc Retirement Plan
EIN: 22-2441477
Plan Number: 002

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods

Expenses

None.

Form of Benefit Payment

For the purpose of valuing death benefits, 85% of the employees are assumed to be married. Wives are assumed to be 3 years younger than their husbands.

Changes in Valuation Assumptions

The following changes in actuarial assumptions or methods have been made since the prior valuation:

- (1) Mandated assumptions were changed as shown below.

	01/01/2009	01/01/2008
Funding Target	October 2008 Full Yield Curve	December 2007 Full Yield Curve
Salary Scale	3.00% - 3.25%	3.75%
Administrative Expenses Included In Target Normal Cost	Yes	No

- (2) The Actuarial Value of Assets was changed to a Smoothed Value of Assets. IRS approval for this change is granted automatically with no filing requirement.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2009**This Form is Open to Public
Inspection**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

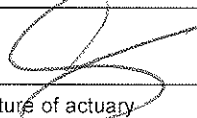
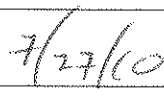
A Name of plan United Water Resources Inc. Retirement Plan	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF United Water Resources Inc.	D Employer Identification Number (EIN) 22-2441477
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>		
2 Assets:		
a Market value.....	2a	150,973,923
b Actuarial value.....	2b	166,071,315
3 Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	974
b For terminated vested participants.....	3b	569
c For active participants:		
(1) Non-vested benefits.....	3c(1)	10,796,752
(2) Vested benefits.....	3c(2)	58,368,213
(3) Total active.....	3c(3)	1,160
d Total.....	3d	2,703
4 If the plan is at-risk, check the box and complete items (a) and (b)..... ☐		
a Funding target disregarding prescribed at-risk assumptions.....	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	
5 Effective interest rate.....	5	8.17 %
6 Target normal cost.....	6	6,889,518

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		
Signature of actuary		Date
A. David Degann		08-00025
Type or print name of actuary		Most recent enrollment number
Aon Consulting, Inc.		(201) 460-6700
Firm name		Telephone number (including area code)
301 Route 17 North, 4th Floor		
Rutherford NJ 07070-2575		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	6,954,732	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	6,436,176	0
9 Amount remaining (Item 7 minus item 8).....	518,556	0
10 Interest on item 9 using prior year's actual return of <u>(27.29)</u> %	(141,514)	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>6.29</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	377,042	0

Part III Funding percentages

14	Funding target attainment percentage	14	86.72 %
15	Adjusted funding target attainment percentage	15	86.72 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	98.78 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2009	1,609,044				
07/15/2009	1,609,044				
10/15/2009	1,609,044				
01/15/2010	1,609,044				
07/23/2010	3,251,227				
Totals ▶			18(b)	9,687,403	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	8,989,308

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

C If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: % ☒ N/A, full yield curve used
b Applicable month (enter code)	21b		2
22 Weighted average retirement age	22		63
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	6,889,518
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	13,907,139	2,476,832
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	9,366,350
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	377,042	0
36 Additional cash requirement (item 34 minus item 35)	36	8,989,308
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	8,989,308
38 Interest-adjusted excess contributions for current year (see instructions)	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

United Water Resources Inc. Retirement Plan
Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2009

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
Diversified Investment *	Diversified Money Market Account	\$ 311,273	\$ 311,282
Diversified Core Bond *	Diversified Core Bond	11,733,932	6,869,723
Diversified Investment *	Diversified High Yield Bond	9,358,171	14,692,818
Minton Lehman	Minton Lehman Bond	33,761,234	34,304,464
Diversified Investment *	Diversified Stock Index	46,563,164	59,047,364
Diversified Investment *	Diversified Small Cap Growth	8,454,506	11,225,709
Diversified Investment *	Diversified Small Cap Value	8,978,774	10,756,080
Diversified Investment *	Diversified International Equity	15,996,743	23,103,014
Adams Street Partners	Adams Street Alternatives	10,652,758	9,815,483
			<u>\$ 170,125,937</u>

**Indicates Party-In-Interest to the Plan*

EIN # 22-2441477
Plan #002

United Water Resources Inc. Retirement Plan
Schedule H, Line 4(j) – Schedule of Reportable Transactions

December 31, 2009

Identity of Party Involved	Description of Assets	# of Transactions	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain/ (Loss)
Category (i) – Individual transactions in excess of 5%							
There are no individual transactions in excess of 5%.							
Category (ii) – Series transactions in excess of 5%							
Diversified Investment Advisors	Diversified Total Return Bond	146	\$ -	\$ 13,293,809	\$ 11,749,588	\$ 13,293,809	\$ 1,544,221