



## **American States Water Company Announces Settlement Agreement and Release with Aerojet-General subsidiary of GenCorp, Inc.**

November 3, 2004

SAN DIMAS, Calif.--(BUSINESS WIRE)--Nov. 3, 2004--American States Water Company (NYSE:AWR) reported today that it recently executed a Settlement Agreement and Release with the Aerojet-General (Aerojet) subsidiary of GenCorp, Inc. for the settlement of a legal action brought by American States Water Company (AWR) and its Southern California Water Company (SCW) subsidiary against Aerojet. The legal action was filed in October 1999 for damages, including past costs, replacement water for contaminated wells near Aerojet's Sacramento, California, manufacturing facility and other future damages. The Settlement Agreement replaces the memorandum of understanding reached by the parties in October 2003.

Of significance to the settlement is the innovative regional approach to redressing contamination. Under the settlement, Aerojet and AWR will work in coordination with the County of Sacramento to treat and reclaim water for the benefit of the contaminated areas. Aerojet's agreement with the County of Sacramento Water Agency (the County) in which Aerojet agreed to transfer all remediated groundwater from its Sacramento site to the County is instrumental in this process. Subject to various provisions of the Aerojet-County Agreement, the County will assume responsibility for providing contingency/replacement water to AWR.

A separate water delivery agreement between AWR and the County will ensure that the water made available by Aerojet can be provided to AWR to meet its long-term water supply requirements. When combined with other mitigation measures already underway, a safe and reliable water supply can be assured for the Arden-Cordova Service Area of its SCW unit.

The agreement specifies payment terms for a total of \$34.2 million in past costs, of which AWR has received \$8.7 million from Aerojet. The majority of the remaining balance is dependent on development of land presently owned by Aerojet. By separate agreements, Aerojet agreed to pay for certain upgrades at AWR's Coloma water treatment plant and construction of water transmission pipelines.

American States Water Company is the parent of Southern California Water Company, American States Utility Services, Inc. and Chaparral City Water Company. Through its subsidiaries, AWR provides water service to 1 out of 30 Californians located within 75 communities throughout 10 counties in Northern, Coastal and Southern California and to approximately 12,000 customers in the city of Fountain Hills, Arizona and portions of Scottsdale, Arizona. The Company also distributes electricity to approximately 22,000 customers in the Big Bear recreational area of California. Through its non-regulated subsidiary, American States Utility Services, the company contracts with various municipalities, the U.S. Government and private entities to provide various services, including billing and meter reading, water marketing and operation and maintenance of water and wastewater systems.

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SOURCE: American States Water Company