

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 30, 2008

AMERICAN STATES WATER COMPANY

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

001-14431
(Commission File Number)

95-4676679
(I.R.S. Employer Identification No.)

**630 East Foothill Blvd.
San Dimas, California**
(Address of principal executive offices)

91773
(Zip Code)

GOLDEN STATE WATER COMPANY

(Exact name of registrant as specified in its charter)

Registrant's telephone number, including area code: (909) 394-3600
001-12008

California
(State or other jurisdiction of incorporation or organization)

(Commission File Number)

95-1243678
(I.R.S. Employer Identification No.)

**630 East Foothill Blvd.
San Dimas, California**

91773

Registrant's telephone number, including area code: (909) 394-3600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing requirement of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the exchange Act (17 CFR 14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Section 5 - Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In order to comply with Section 409A of the Internal Revenue Code, as amended, and the Treasury regulations thereunder, the Board of Directors of American States Water Company approved the following amendments to the Company's employee benefit plans on October 31, 2008:

- the 2003 Non-Employee Directors Plan was amended to (1) provide that dividend equivalents on options are paid by the Company until the earlier of (a) termination of service for cause or (b) the third anniversary from the date of grant, regardless of exercise; (2) specify the timing of payment of dividend equivalents; and (3) eliminate the ability of a director to elect a form of payment other than a lump sum; and
- the Pension Restoration Plan was amended to (1) allow existing and former participants who have not begun receiving benefits to make an election in 2008 regarding when benefit payments will commence, (2) specify when benefits will commence for future participants, (3) specify when benefits will commence for surviving spouses, and (4) provide a six-month delay in the receipt of benefits for specified employees.

In order to comply with Section 409A of the Internal Revenue Code, as amended, and the Treasury regulations thereunder, the Board of Directors of Golden State Water Company approved an amendment to the existing Change in Control Agreements as well as the form of Change in Control Agreement to be provided to new executive officers on October 31, 2008 to specify (1) what perquisites are covered and when they will be paid, (2) when payments that are delayed as a result of Section 162(m) will be paid, and (3) when any gross up payments will be paid.

In order to comply with Section 409A of the Internal Revenue Code, as amended, and the Treasury regulations thereunder, the Compensation Committee approved the following amendments on October 30, 2008:

- amendments to certain Restricted Stock Unit Award Agreements granted under the 2000 Stock Incentive Plan to (1) eliminate accelerated payment of restricted stock units upon change of control and (2) impose a six-month delay for payment of restricted stock units that are paid upon separation from service by a specified employee; and
 - amendments to the form of Restricted Stock Unit Award Agreement under the 2008 Stock Incentive Plan so that it is consistent with the amended Restricted Stock Unit Award Agreement under the 2000 Stock Incentive Plan. Thus, the revised award agreement (1) provides for accelerated vesting (but not payment) upon "retirement age" or "change in control" and (2) imposes a six-month delay for payment of restricted stock units that are paid upon separation from service by a specified employee.
-

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The Board of Directors of American States Water Company amended the Bylaws of the Company on October 31, 2008 to delete all references to the Chairman of the Board acting as an officer of the Company, to permit the Board to select a Vice Chairman of the Board, if the Board so desired and to provide for more flexibility regarding the types of officers that the Company may have. The Board of Directors also appointed Floyd E. Wicks as Vice Chairman of the Board effective January 1, 2009.

Item 9.01. Financial Statements and Exhibits.

Exhibit 3.1	Bylaws, as amended
Exhibit 10.1	2003 Non-Employee Directors Plan, as amended
Exhibit 10.2	Pension Restoration Plan, as amended
Exhibit 10.3	Form of amendment to Restricted Stock Unit Agreement for the 2000 Stock Incentive Plan
Exhibit 10.4	Form of Restricted Stock Unit Agreement for the 2008 Stock Incentive Plan
Exhibit 10.5	Form of Change in Control Agreement
Exhibit 10.6	Form of amendment to Change in Control Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN STATES WATER COMPANY

Date: November 5, 2008

/s/ Eva G. Tang

Eva G. Tang

Senior Vice President – Finance, Chief Financial
Officer, Corporate Secretary & Treasurer

BYLAWS

**for the regulation, except
as otherwise provided by statute or
its Articles of Incorporation,**

of

**AMERICAN STATES WATER COMPANY
(a California corporation)**

ARTICLE I. Offices.

Section 1. **PRINCIPAL EXECUTIVE OFFICE.** The corporation's principal executive office shall be fixed and located at such place as the Board of Directors (herein called the "Board") shall determine. The Board is granted full power and authority to change said principal executive office from one location to another.

Section 2. **OTHER OFFICES.** Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE II. Shareholders.

Section 1. **PLACE OF MEETINGS.** Meetings of shareholders shall be held either at the principal executive office of the corporation or at any other place within or without the State of California which may be designated either by the Board or by the written consent of all persons entitled to vote thereat given either before or after the meeting and filed with the Secretary.

Section 2. **SPECIAL MEETINGS.** Special meetings of the shareholders may be called at any time by the Board, the Chairman of the Board, the Chief Executive Officer, or if there be no Chief Executive Officer, the President or by the holders of shares entitled to cast not less than ten percent of the votes at such meeting. Upon request in writing to the Chairman of the Board, the Chief Executive Officer, or there be no Chief Executive Officer, the President, the Chief Operating Officer, any Executive Vice President, any Senior Vice President, any Vice President or the Secretary by any person (other than the Board) entitled to call a special meeting of shareholders, the officer forthwith shall cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five nor more than sixty days after the receipt of the request. Such request shall be made in accordance with applicable law and these Bylaws. If the notice is not given within twenty days after receipt of the request, the persons entitled to call the meeting may give the notice.

Section 3. **ANNUAL MEETINGS.** The annual meetings of shareholders shall be held on such date and at such time as may be fixed by the Board. At such meetings, directors shall be elected and any other proper business may be transacted in accordance with applicable law and these Bylaws.

Section 4. **NOTICE OF ANNUAL OR SPECIAL MEETINGS.** Written notice of each annual or special meeting of shareholders shall be given not less than ten nor more than sixty days before the date of the meeting to each shareholder entitled to vote thereat. Such notice shall state the place, date and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, and no

other business may be transacted, or (ii) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the shareholders, but, subject to the provisions of applicable law and these Bylaws, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by management for election.

Notice of a shareholders' meeting shall be given either personally or by mail or by other means of written communication, addressed to the shareholder at the address of such shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice, or, if no such address appears or is given, at the place where the principal executive office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient.

Section 5. QUORUM. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders. If a quorum is present, the affirmative vote of a majority of the shares represented and voting at the meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by law or by the Articles, except as provided in the following sentence. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

Section 6. ADJOURNED MEETINGS AND NOTICE THEREOF. Any shareholders' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of shareholders entitled to exercise a majority of the voting power represented either in person or by proxy, but in the absence of a quorum (except as provided in Section 5 of this Article) no other business may be transacted at such meeting.

It shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken; provided, however, when any shareholders' meeting is adjourned for more than forty-five days or, if after adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. VOTING. The shareholders entitled to notice of any meeting or to vote at such meeting shall be only persons in whose name shares stand on the stock records of the corporation on the record date determined in accordance with Section 8 of this Article.

Subject to the following sentence and to the provisions of Section 708 of the California General Corporation Law, every shareholder entitled to vote at any election of directors may cumulate such shareholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are entitled, or distribute the shareholder's votes on the same principle among as many candidates as the shareholder thinks fit. No shareholder shall be entitled to cumulate votes for any candidate or candidates pursuant to the preceding sentence unless such candidate or candidates' names have been placed in nomination prior to the voting and the shareholder has given notice at the meeting prior to the voting of the shareholder's intention to

cumulate the shareholder's votes. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination.

Elections need not be by ballot; provided, however, that all elections for directors must be by ballot upon demand made by a shareholder at the meeting and before the voting begins.

In any election of directors, the candidates receiving the highest number of votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares are elected.

Voting shall in all cases be subject to the provisions of Chapter 7 of the California General Corporation Law, and to the following provisions:

(a) Subject to clause (g), shares held by an administrator, executor, guardian, conservator or custodian may be voted by such holder either in person or by proxy, without a transfer of such shares into the holder's name; and shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote shares held by such trustee without a transfer of such shares into the trustee's name.

(b) Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into the receiver's name if authority to do so is contained in the order of the court by which such receiver was appointed.

(c) Subject to the provisions of Section 705 of the California General Corporation Law and except where otherwise agreed in writing between the parties, a shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(d) Shares standing in the name of a minor may be voted and the corporation may treat all rights incident thereto as exercisable by the minor, in person or by proxy, whether or not the corporation has notice, actual or constructive, of the nonage, unless a guardian of the minor's property has been appointed and written notice of such appointment given to the corporation.

(e) Shares outstanding in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy holder as the bylaws of such other corporation may prescribe or, in the absence of such provision, as the board of directors of such other corporation may determine or, in the absence of such determination, by the chairman of the board, president or any vice president of such other corporation, or by any other person authorized to do so by the chairman of the board, president or any vice president of such other corporation. Shares which are purported to be voted or any proxy purported to be executed in the name of a corporation (whether or not any title of the person signing is indicated) shall be presumed to be voted or the proxy executed in accordance with the provisions of this clause, unless the contrary is shown.

(f) Shares of the corporation owned by any subsidiary shall not be entitled to vote on any matter.

(g) Shares held by the corporation in a fiduciary capacity, and shares of the issuing corporation held in a fiduciary capacity by any subsidiary, shall not be entitled to vote on any matter, except to the extent that the settlor or beneficial owner possesses and exercises a right to vote or to give the corporation binding instructions as to how to vote such shares.

(h) If shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, voting trustees, persons entitled to vote under a shareholder voting agreement or otherwise, or if two or more persons (including proxy holders) have the same fiduciary relationship respecting the same shares, unless the Secretary of the corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect:

- (i) If only one votes, such act binds all;
- (ii) If more than one vote, the act of the majority so voting binds all;
- (iii) If more than one vote, but the vote is evenly split on any particular matter each faction may vote the securities in question proportionately.

If the instrument is so filed or the registration of the shares shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of this Section shall be a majority or even split in interest.

Section 8. RECORD DATE. The Board may fix, in advance, a record date for the determination of the shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution, or any allotment of rights, or to exercise rights in respect of any other lawful action. The record date so fixed shall be not more than sixty days or less than ten days prior to the date of the meeting or more than sixty days prior to any other action. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution, or allotment of rights, or to exercise of the rights, as the case may be, notwithstanding any transfer of shares on the books of the corporation after the record date. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than forty-five days.

If no record date is fixed by the Board, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining shareholders for any purpose other than set forth in this Section 8 or Section 10 of this Article shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth day prior to the date of such other action, whichever is later.

Section 9. CONSENT OF ABSENTEES. The transactions of any meeting of shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transactions of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not waiver of any right to object to the consideration of matters required by the California General Corporation Law to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of

shareholders need to be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, except as provided in Section 601(f) of the California General Corporation Law.

Section 10. ACTION WITHOUT MEETING. Subject to Section 603 of the California General Corporation Law, any action which, under any provision of the California General Corporation Law, may be taken at any annual or special meeting of shareholders, may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Unless a record date for voting purposes be fixed as provided in Section 8 of this Article, the record date for determining shareholders entitled to give consent pursuant to this Section 10, when no prior action by the Board has been taken, shall be the day on which the first written consent is given.

Section 11. PROXIES. Every person entitled to vote shares has the right to do so either in person or by one or more persons authorized by a written proxy executed by such shareholder and filed with the Secretary. Any proxy duly executed is not revoked and continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto by a writing delivered to the corporation stating that the proxy is revoked or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or by attendance at the meeting and voting in person by the person executing the proxy; provided, however, that no proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy.

Section 12. INSPECTORS OF ELECTION. In advance of any meeting of shareholders, the Board may appoint inspectors of election to act at such meeting and any adjournment thereof. If inspectors of election be not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any such meeting may, and on the request of any shareholder or shareholder's proxy shall, make such appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present shall determine whether one or three inspectors are to be appointed. The duties of such inspectors shall be as prescribed by Section 707(b) of the California General Corporation Law and shall include: determining the number of shares outstanding and the voting power of each; determining the shares represented at the meeting; determining the existence of a quorum; determining the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election or vote with fairness to all shareholders. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all.

Section 13. CONDUCT OF MEETING. The Chairman of the Board shall preside as chairman at all meetings of the shareholders. The chairman shall conduct each such meeting in a businesslike and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The chairman's rulings on procedural matters shall be conclusive and binding on all shareholders, unless at the time of a ruling a request for a vote is made to the shareholders holding shares entitled to vote and which are represented in person or by proxy at the meeting, in which case the decision of a majority of such shares shall be conclusive and binding on all shareholders. Without limiting the generality of the foregoing, the chairman shall have all of the powers usually vested in the chairman of a meeting of shareholders.

Section 14. QUALIFICATIONS OF DIRECTORS. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be qualified to serve as directors. Nominations of persons for election to the Board may be made at a meeting of shareholders (a) by or at the direction of the Board or (b) by any shareholder of the corporation who is a shareholder of record at the time of giving of notice provided for in this Bylaw, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Bylaw.

Nominations by shareholders shall be made pursuant to timely notice in writing to the Secretary. To be timely as to an annual meeting, a shareholder's notice must be received at the principal executive offices of the corporation not less than 75 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is changed by more than 30 days from such anniversary date, notice by the shareholder to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made. To be timely as to a special meeting at which directors are to be elected, a shareholder's notice must be received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made. Such shareholder's notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to the shareholder giving the notice (i) the name and address, as they appear on the corporation's books, of such shareholder and (ii) the class and number of shares of the corporation which are beneficially owned by such shareholder and also which are owned of record by such shareholder; and (c) as to the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and address of such person and (ii) the class and number of shares of the corporation which are beneficially owned by such person. At the request of the Board, any person nominated by the Board for election as a director shall furnish to the Secretary that information required to be set forth in the shareholder's notice of nomination which pertains to the nominee.

No person shall be qualified to serve as a director of the corporation unless nominated in accordance with the procedures set forth in this Bylaw. The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if the Chairman should so determine, that the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Bylaw, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Bylaw.

Section 15. PROPER BUSINESS FOR SHAREHOLDER MEETINGS. At a meeting of the shareholders, only such business shall be proper as shall be brought before the meeting (a) pursuant to the corporation's notice of meeting, (b) by or at the direction of the Board or (c) by any shareholder of the corporation who is a shareholder of record at the time of giving of the notice provided for in this Bylaw, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Bylaw.

For business to be properly brought before a meeting by a shareholder pursuant to clause (c) of the first paragraph of this Bylaw, the shareholder must have given timely notice thereof in writing to the Secretary. To be timely as to an annual meeting of shareholders, a shareholder's notice must be received at the principal executive offices of the corporation not less than 75 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if the date of the

meeting is changed by more than 30 days from such anniversary date, notice by the shareholder to be timely must be received no later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or public disclosure of such date was made. To be timely as to a special meeting of shareholders, a shareholder's notice must be received not later than the call of the meeting by the Board, the Chairman of the Board or the President, or the date of receipt of a valid request by a person (other than the Board) that the special meeting be called. Such shareholder's notice shall set forth as to each matter the shareholder proposes to bring before the meeting (a) a brief description of such matter and the reasons for proposing such matters(s) at the meeting, (b) the name and address, as they appear on the corporation's books, of the shareholder proposing such business, and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (c) the class and number of shares of the corporation which are owned beneficially and of record by such shareholder of record and by the beneficial owner, if any, on whose behalf the proposal is made and (d) any material interest of such shareholder of record and the beneficial owner, if any, on whose behalf the proposal is made in such proposal.

Notwithstanding anything in these Bylaws to the contrary, no business shall be proper at a meeting unless brought before it in accordance with the procedures set forth in this Bylaw. The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the procedures prescribed by these Bylaws, and if the Chairman should so determine, that any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Bylaw, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Bylaw.

ARTICLE III. Directors.

Section 1. POWERS. Subject to limitations of the Articles, of these Bylaws and of the California General Corporation Law relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all the other officers, agents and employees of the corporation, prescribe the powers and duties for them as may not be inconsistent with law, the Articles or these Bylaws, fix their compensation and require from them security for faithful service.
- (b) To conduct, manage and control the affairs and business of the corporation and to make such rules and regulations therefor not inconsistent with law, the Articles or these Bylaws, as they may deem best.
- (c) To adopt, make and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the form of such seal and of such certificates from time to time, as they may deem best.
- (d) To authorize the issuance of shares of stock of the corporation from time to time, upon such terms and for such consideration as may be lawful.
- (e) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Section 2. NUMBER OF DIRECTORS. The authorized number of directors shall be not less than five or more than nine until changed by amendment of the Articles or by a Bylaw duly adopted by the shareholders amending this Section 2. The exact number of directors shall be fixed, within the limits specified, by the Board from time to time in a resolution adopted by a majority of the directors. The exact number of directors shall be eight until changed as provided in this Section 2.

Section 3. ELECTION AND TERM OF OFFICE. Except as otherwise provided in the Articles, the directors shall be elected at each annual meeting of the shareholders, but if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of shareholders held for that purpose. Each director shall hold office until the next annual meeting and until a successor has been elected and qualified.

Section 4. VACANCIES. Any director may resign effective upon giving written notice to the Chairman of the Board, the Chief Executive Officer, or if there be no Chief Executive Officer, the President, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Vacancies in the Board, except those existing as a result of a removal of a director, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until the next annual meeting and until such director's successor has been elected and qualified.

A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the shareholders fail, at any annual or special meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors to be voted for at that meeting.

The Board may declare vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony.

The shareholders, subject to applicable law and these Bylaws, may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election by written consent, other than to fill a vacancy created by removal, requires the consent of a majority of the outstanding shares entitled to vote. Any such election by written consent to fill a vacancy created by removal requires unanimous consent.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

Section 5. PLACE OF MEETING. Regular or special meetings of the Board shall be held at any place within or without the State of California which has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation.

Section 6. REGULAR MEETINGS. Immediately following each annual meeting of shareholders, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business.

Other regular meetings of the Board shall be held without call on such dates and at such times as may be fixed by the Board. Call and notice of all regular meetings of the Board are hereby dispensed with.

Section 7. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at any time by the Chairman of the Board, the Chief Executive Officer, or if there be no Chief Executive Officer, the President, the Chief Operating Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary or by any two directors.

Special meetings of the Board shall be held upon four days' written notice or forty-eight hours' notice given personally or by telephone, telegraph, telex, or other similar means of communication. Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of the corporation or as may have been given to the corporation by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held.

Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

Section 8. QUORUM. A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business, except to adjourn as provided in Section 11 of this Article. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by law or by the Articles. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 9. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

Section 10. WAIVER OF NOTICE. Notice of a meeting need not be given to any director who signs a waiver of notice or consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 11. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 12. FEES AND COMPENSATION. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by the Board.

Section 13. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in

writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 14. RIGHTS OF INSPECTION. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation and also of its subsidiary corporations, domestic or foreign. Such inspection by a director may be made in person or by agent or attorney and includes the right to copy and obtain extracts.

Section 15. COMMITTEES. The Board may appoint one or more committees, each consisting of two or more directors, and delegate to such committees any of the authority of the Board except with respect to:

- (a) The approval of any action for which the California General Corporation Law also requires shareholders' approval or approval of the outstanding shares;
- (b) The filling of vacancies on the Board or on any committee;
- (c) The fixing of compensation of the directors for service on the Board or on any committee;
- (d) The amendment or repeal of bylaws or the adoption of new bylaws;
- (e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) A distribution to the shareholders of the corporation except at a rate or in a periodic amount or within a price range determined by the Board; or
- (g) The appointment of other committees of the Board or the members thereof.

Any such committee must be designated, and the members or alternate members thereof appointed, by resolution adopted by a majority of the authorized number of directors and any such committee may be designated an Executive Committee or by such other name as the Board shall specify. Alternative members of a committee may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

Section 16. CHAIRMAN OF THE BOARD. The Board of Directors shall appoint a director to serve as Chairman of the Board of this Corporation that satisfies the independence requirements of the New York Stock Exchange. The Chairman of the Board of this Corporation shall have the duties set forth in Article II, Sections 2, 13, 14 and 15 and Article III, Sections 4 and 7 and such other duties as may be from time to time be assigned by the Board. The Board of Directors may also have, at the discretion of the Board, a Vice Chairman of the Board. The Vice Chairman of the Board, if there shall be such a position, shall have such duties as may be from time to time assigned by the Board.

ARTICLE IV. Officers.

Section 1. OFFICERS. The officers of the corporation shall be a President, a Secretary and a Chief Financial Officer. The corporation may also have, at the discretion of the Board, a Chief Executive Officer who shall have the powers and duties vested in the office of president under California law, a Chief Operating Officer, one or more Executive Vice Presidents, Senior Vice Presidents or Vice Presidents, a Treasurer, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be elected or appointed in accordance with the provisions of Section 3 of this Article.

Section 2. ELECTION. The officers of the corporation, except such officers as may be elected or appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by, and shall serve at the pleasure of, the Board, and shall hold their respective offices until their resignation, removal, or other disqualification from service, or until their respective successors shall be elected.

Section 3. SUBORDINATE OFFICERS. The Board may elect, and may empower the Chief Executive Officer, if there be no Chief Executive Officer, the President, to appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by the Board at any time or, except in the case of an officer chosen by the Board, by an officer upon whom such power of removal may be conferred by the Board. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment of the officer.

Any officer may resign at any time by giving written notice to the corporation, but without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office.

Section 6. PRESIDENT AND CHIEF EXECUTIVE OFFICER. The Chief Executive Officer or the President, if there be no Chief Executive Officer, shall have the general powers and duties of management usually vested in the office of the president of a corporation and such other powers and duties as may be prescribed by the Board. In the absence of the Chairman of the Board, or if there be none, the Chief Executive Officer (or, if there shall be no Chief Executive Officer, the President) shall preside at all meetings of the shareholders and the Board. In the absence or disability of the Chief Executive Officer, if other than the President, the President shall perform all the duties of the Chief Executive Officer and, when so acting, shall have all of the powers of, and be subject to all the restrictions upon, the Chief Executive Officer.

Section 7. VICE PRESIDENTS AND CHIEF OPERATING OFFICER. The Chief Operating Officer, the Executive Vice Presidents and Senior Vice Presidents, if any, and other Vice Presidents shall have (subject to the authority of the Board) such powers and perform such duties as from time to time determined by the Chief Executive Officer or, if there be no Chief Executive Officer, the President. In the absence or disability of the Chief Executive Officer, if other than the President, or the President, if

there shall be no Chief Executive Officer, the Chief Operating Officer, if any, and the Vice Presidents, in the following order, shall perform all the duties of the Chief Executive Officer or President, as the case may be, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chief Executive Officer or President, as the case may be: the Chief Operating Officer, if any, the Executive Vice Presidents, if any, in the order of their rank as fixed by the Board, or if not ranked, the Executive Vice President designated by the Board, the Senior Vice Presidents, if any, in the order of their rank as fixed by the Board, or if not ranked, the Senior Vice President designated by the Board and the Vice Presidents in the order of their rank as fixed by the Board, or if not ranked, the Vice President designated by the Board. The Chief Operating Officer, the Executive Vice President, Senior Vice President or Vice President so designated shall have such other powers and perform such other duties as from time to time may be prescribed for them, respectively, by the Board.

Section 8. SECRETARY. The Secretary shall keep or cause to be kept, at the principal executive office and such other place as the Board may order, a book of minutes of all meetings of shareholders, the Board and its committees, with the time and place of holding, whether regular or special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, a copy of the Bylaws of the corporation at the principal executive office or business office in accordance with Section 213 of the California General Corporation Law.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, if one be appointed, a share register, or a duplicate share register, showing the names of the shareholders and their addresses, the number of classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board and any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 9. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, and shall send or cause to be sent to the shareholders of the corporation such financial statements and reports as are by law or these Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any director.

The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the Chief Executive Officer, or if there be no Chief Executive Officer, the President and the directors, whenever they request it, an account of all transactions as Chief Financial Officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V. Other Provisions.

Section 1. INSPECTION OF CORPORATE RECORDS.

(a) A shareholder or shareholders holding at least five percent in the aggregate of the outstanding voting shares of the corporation or who hold at least one percent of such voting shares and have filed a

Schedule 14B with the United States Securities and Exchange Commission relating to the election of directors of the corporation shall have the absolute right to do either or both of the following:

(i) Inspect and copy the record of shareholders' names and addresses and shareholders during usual business hours upon five business days' prior written demand upon the corporation; or

(ii) Obtain from the transfer agent, if any, for the corporation, upon five business days' prior written demand and upon the tender of its usual charges for such a list (the amount of which charges shall be stated to the shareholder by the transfer agent upon request), a list of the shareholders' names and addresses who are entitled to vote for the election of directors and their shareholdings, as of the most recent complied or as of the date specified by the shareholder subsequent to the date of demand.

(b) The record of shareholders shall also be open to inspection and copying by any shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to such holder's interest as a shareholder or holder of a voting trust certificate.

(c) The accounting books and records and minutes of proceedings of the shareholders and the Board and committees of the Board shall be open to inspection upon written demand on the corporation of any shareholder or holder of a voting trust certificate at any reasonable time during usual business hours, for a purpose reasonably related to such holder's interests as a shareholder or as a holder of such voting trust certificate.

(d) Any inspection and copying under this Article may be made in person or by agent or attorney.

Section 2. INSPECTION OF BYLAWS. The corporation shall keep in its principal executive office in the State of California, or if its principal executive office is not in such State at its principal business office in such state, the original or copy of these Bylaws as amended to date, which shall be open to inspection by shareholders at all reasonable times during office hours. If the principal executive office of the corporation is located outside the State of California and the corporation has no principal business office in such state, it shall upon the written request of any shareholder furnish to such shareholder a copy of these Bylaws as amended to date.

Section 3. ENDORSEMENT OF DOCUMENTS, CONTRACTS. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, share certificate, conveyance or other instrument in writing and any assignment or endorsements thereof executed or entered into between the corporation and any other person, when signed by the Chief Executive Officer, the President, the Chief Operating Officer or any Executive Vice President, Senior Vice President or Vice President and the Secretary, any Assistant Secretary, the Chief Financial Officer, the Treasurer or any Assistant Treasurer of the corporation, shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 4. CERTIFICATES FOR SHARES.

(a) Shares of the capital stock of the corporation may be certificated or uncertificated, as provided under the General Corporation Law of California. Each shareholder, upon written request to the transfer agent or registrar of the corporation, shall be entitled to have a certificate in the name of the

corporation by the Chief Executive Officer, or if there be no Chief Executive Officer, the President, the Chief Operating Officer, an Executive Vice President, a Senior Vice President or a Vice President and by the Chief Financial Officer, the Treasurer or an Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue. Shares issued prior to the date on which the shares have become eligible for issuance in uncertificated form shall be certificated shares until a certificate for such shares is surrendered to this corporation.

(b) Shares may be issued prior to full payment under such restrictions and for such purposes as the Board may provide; provided, however, that on any certificate issued to represent any partly paid shares, or, for uncertificated shares, on the initial transaction statement for such partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated.

(c) Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock may be transferred only on the books of the corporation, if such shares are certificated, and by the surrender to the corporation or its transfer agent of the certificate therefore properly endorsed or accompanied by a written assignment or power of attorney properly executed, or upon proper instructions from the holder of uncertificated shares, in each case, with such proof of the authenticity of signature as the corporation or its transfer agent may reasonably require.

(d) Except as provided in this Section or the General Corporation Law of California, no certificate for shares shall be issued in lieu of an old one unless the latter is surrendered and cancelled at the same time. The Board may, however, if any share certificate or new certificate is alleged to have been lost, stolen or destroyed, authorized the issuance of a new certificate in lieu thereof, and the corporation may require that the corporation be given a bond or other adequate security sufficient to indemnify it against any claim that may be made against it (including expense or liability) on account of the alleged loss, theft, or destruction of such certificate or the issuance of such new certificate.

(e) When the articles of incorporation are amended in any way affecting the statements contained in the certificates for outstanding shares, or it becomes desirable for any reason, in the discretion of the Board, to cancel any outstanding certificates for shares and issue new certificates therefor conforming to the rights of the holder, the Board may order any holders of outstanding certificates to surrender and exchange them for new certificates within a reasonable period of time. When the articles of incorporation are amended in any way affecting the statements contained in the initial transaction statements or other written statements for outstanding uncertificated securities, or it becomes desirable for any reason in the discretion of the board, to amend, revise, or supersede any outstanding initial transaction statements or written statements, the board may order the issuance and delivery to holders of record of amended, revised, or superseding initial transaction statements or written statements.

Section 5. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The Chief Executive Officer, the President or any other officer or officers authorized by the Board or the Chief Executive Officer are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

Section 6. STOCK PURCHASE PLANS. The corporation may adopt and carry out a stock purchase plan or agreement or stock option plan or agreement providing for the issue and sale for such consideration as may be fixed of its unissued shares, or of issued shares acquired or to be acquired, to one or more of the employees or directors of the corporation or of a subsidiary or to a trustee on their behalf and for the payment for such shares in installments or at one time, and may provide for aiding any such persons in paying for such shares by compensation for services rendered, promissory notes or otherwise.

Any such stock purchase plan or agreement or stock option plan or agreement may include, among other features, the fixing of eligibility for participation therein, the class and price of shares to be issued or sold under the plan or agreement, the number of shares which may be subscribed for, the method of payment therefor, the reservation of title until full payment therefor, the effect of the termination of employment, an option or obligation on the part of the corporation, to repurchase the shares upon termination of employment, restrictions upon transfer of the shares, the time limits of and termination of the plan, and any other matters, not in violation of applicable law, as may be included in the plan as approved or authorized by the Board or any committee of the Board.

Section 7. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Provisions of the California Corporations Code and in the California General Corporation Law shall govern the construction of these Bylaws.

ARTICLE VI. Indemnification.

Section 1. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

(a) Each person who was or is a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the corporation, or of any predecessor corporation, or is or was a director or officer who is or was serving at the request of the corporation as a director, officer, employee or other agent of another corporation, a partnership, joint venture, trust or other enterprise (including service with respect to corporation-sponsored employee benefit plans), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall, subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation to the fullest extent permissible under California law and the corporation's Articles, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith; provided, however, that amounts paid in settlement of a proceeding shall be payable only if the settlement is approved in writing by the corporation. Such indemnification shall continue as to a person who has ceased to be a director or officer for acts performed while a director or officer and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the foregoing, the corporation shall indemnify any such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of the corporation. The right to indemnification conferred in this Article shall include the right to be paid by the corporation the expenses incurred in defending any proceeding in advance of final disposition to the fullest extent permitted by law; provided, however, that the payment under this Article of such expenses in advance of the final disposition of a proceedings shall be conditioned upon the delivery to the corporation of a written request for such advance and of an undertaking by or on behalf of the director or officer to repay all amounts so advanced if it shall be ultimately determined that such director or officer is not entitled to be indemnified.

(b) Notwithstanding the foregoing or any other provisions under this Article, the corporation shall not be liable under this Article to indemnify a director or officer against expenses, liabilities or losses

incurred or suffered in connection with, or make any advances with respect to, any proceeding against a director or officer: (i) as to which the corporation is prohibited by applicable law from paying as an indemnity; (ii) with respect to expenses of defense or investigation, if such expenses were or are incurred without the corporation's consent (which consent may not be unreasonably withheld); (iii) for which payment is actually made to the director or officer under a valid and collectible insurance policy maintained by the corporation, except in respect of any excess beyond the amount of payment under such insurance; (iv) for which payment is actually made to the director or officer under an indemnity by the corporation otherwise than pursuant to this Bylaw Article, except in respect of any excess beyond the amount of payment under such indemnity; (v) based upon or attributable to the director or officer gaining in fact any personal profit or advantage to which he or she was not legally entitled; (vi) for an accounting of profits made from the purchase or sale by the director or officer of securities of the corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law; or (vii) based upon acts or omissions involving intentional misconduct or a knowing and culpable violation of law.

Section 2. INDEMNIFICATION OF EMPLOYEES AND AGENTS. A person who was or is a party or is threatened to be made a party to or is involved in any proceeding by reason of the fact that he or she is or was an employee or agent of the corporation or is or was an employee or agent of the corporation who is or was serving at the request of the corporation as an employee or agent of another enterprise, including service with respect to corporation-sponsored employee benefits plans, whether the basis of such action is alleged action or inaction in an official capacity or in any other capacity while serving as an employee or agent, may, upon appropriate action by the corporation and subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation up to the fullest extent permitted by California law and the corporation's Articles, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith.

Section 3. RIGHT OF DIRECTORS AND OFFICERS TO BRING SUIT. If a claim under Section 1 of this Article is not paid by the corporation or on its behalf within 90 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim, and, if successful in whole or in part, the claimant also shall be entitled to be paid the expense of prosecuting such claim.

Section 4. SUCCESSFUL DEFENSE. Notwithstanding any other provision of this Article, to the extent that a director or officer has been successful on the merits or otherwise (including the dismissal of a proceeding without prejudice or the settlement with the written consent of the corporation of a proceeding without admission of liability) in defense of any proceeding referred to in Section 1 or in defense of any claim, issue or matter therein, such director or officer shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith.

Section 5. INDEMNITY AGREEMENTS. The corporation may enter into agreements with any director, officer, employee or agent of the corporation providing for indemnification to the fullest extent permissible under applicable law and the corporation's Articles.

Section 6. SUBROGATION. In the event of payment by the corporation of a claim under Section 1 of this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnified person, who shall execute all papers required and shall do everything that may be necessary or appropriate to secure such rights, including the execution of such documents necessary or appropriate to enable the corporation effectively to bring suit to enforce such rights.

Section 7. NON-EXCLUSIVITY RIGHTS. The right to indemnification provided by this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

Section 8. INSURANCE. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, a partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under California law.

Section 9. EXPENSES AS A WITNESS. To the extent that any director, officer or employee of the corporation is by reason of such position a witness in any action, suit or proceeding, he or she will be indemnified against all costs and expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 10. NONAPPLICABILITY TO FIDUCIARIES OF EMPLOYEE BENEFIT PLANS. This Article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation. The corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

Section 11. SEPARABILITY. Each and every paragraph, sentence, term and provision of this Article is separate and distinct so that if any paragraph, sentence, term or provision shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Article may be modified by a court of competent jurisdiction to preserve its validity and to provide the claimant with, subject to the limitations set forth in this Article and any agreement between the corporation and the claimant, the broadest possible indemnification permitted under applicable law.

Section 12. EFFECT OF REPEAL OR MODIFICATION. Any repeal or modification of this Article shall not adversely affect any right of indemnification of a director, officer, employee or agent of the corporation existing at the time of such repeal or modification with respect to any action or omission occurring prior to such repeal or modification.

ARTICLE VII. Emergency Provisions.

Section 1. GENERAL. The provisions of this Article shall be operative only during a national emergency declared by the President of the United States or the person performing the President's functions, or in the event of a nuclear, atomic or other attack on the United States or a disaster making it impossible or impracticable for the corporation to conduct its business without recourse to the provisions of this Article. Said provisions in such event shall override all other Bylaws of the corporation in conflict with any provisions of this Article, and shall remain operative so long as it remains impossible or impracticable to continue the business of the corporation otherwise, but thereafter shall be inoperative; provided that all actions taken in good faith pursuant to such provisions shall thereafter remain in full force and effect unless and until revoked by action taken pursuant to the provisions of the Bylaws other than those contained in this Article.

Section 2. UNAVAILABLE DIRECTORS. All directors of the corporation who are not available to perform their duties as directors by reason of physical or mental incapacity or for any other reason or who

are unwilling to perform their duties or whose whereabouts are unknown shall automatically cease to be directors, with like effect as if such persons had resigned as directors, so long as such unavailability continues.

Section 3. **AUTHORIZED NUMBER OF DIRECTORS.** The authorized number of directors shall be the number of directors remaining after eliminating those who have ceased to be directors pursuant to Section 2, or the minimum number required by law, whichever number is greater.

Section 4. **QUORUM.** The number of directors necessary to constitute a quorum shall be one-third of the authorized number of directors as specified in the foregoing Section, or other minimum number as, pursuant to the law or lawful decree then in force, it is possible for the Bylaws of a corporation to specify.

Section 5. **CREATION OF EMERGENCY COMMITTEE.** In the event the number of directors remaining after eliminating those who have ceased to be directors pursuant to Section 2 is less than the minimum number of authorized directors required by law, then until the appointment of additional directors to make up such required minimum, all the powers and authorities which the Board could by law delegate, including all powers and authorities which the Board could delegate to a committee, shall be automatically vested in an emergency committee, and the emergency committee shall thereafter manage the affairs of the corporation pursuant to such powers and authorities and shall have all other powers and authorities as may by law or lawful decree be conferred on any person or body of persons during a period of emergency.

Section 6. **CONSTITUTION OF EMERGENCY COMMITTEE.** The emergency committee shall consist of all the directors remaining after eliminating those who have ceased to be directors pursuant to Section 2, provided that such remaining directors are not less than three in number. In the event such remaining directors are less than three in number the emergency committee shall consist of three persons, who shall be the remaining director or directors and either one or two officers or employees of the corporation as the remaining director or directors may in writing designate. If there is no remaining director, the emergency committee shall consist of the three most senior officers of the corporation who are available to serve, and if and to the extent that officers are not available, the most senior employees of the corporation. Seniority shall be determined in accordance with any designation of seniority in the minutes of the proceedings of the Board, and in the absence of such designation, shall be determined by rate of remuneration. In the event that there are no remaining directors and no officers or employees of the corporation available, the emergency committee shall consist of three persons designated in writing by the shareholder owning the largest number of shares of record as of the date of the last record date.

Section 7. **POWERS OF EMERGENCY COMMITTEE.** The emergency committee, once appointed, shall govern its own procedures and shall have power to increase the number of members thereof beyond the original number, and in the event of a vacancy or vacancies therein, arising at any time, the remaining member or members of the emergency committee shall have the power to fill such vacancy or vacancies. In the event at any time after its appointment all members of the emergency committee shall die or resign or become unavailable to act for any reason whatsoever, a new emergency committee shall be appointed in accordance with the foregoing provisions of this Article.

Section 8. **DIRECTORS BECOMING AVAILABLE.** Any person who has ceased to be a director pursuant to the provisions of Section 2 and who thereafter becomes available to serve as a director shall automatically become a member of the emergency committee.

Section 9. **ELECTION OF BOARD OF DIRECTORS.** The emergency committee, shall, as soon after its appointment as is practicable, take all requisite action to secure the election of a board of directors, and upon such election, all the powers and authorities of the emergency committee shall cease.

Section 10. TERMINATION OF EMERGENCY COMMITTEE. In the event, after the appointment of an emergency committee, a sufficient number of persons who ceased to be directors pursuant to Section 2 become available to serve as directors, so that if they had not ceased to be directors as aforesaid, there would be enough directors to constitute the minimum number of directors required by law, then all such persons shall automatically be deemed to be reappointed as directors and the powers and authorities of the emergency committee shall be at an end.

ARTICLE VIII. Amendments.

Subject to the Articles of Incorporation, these Bylaws may be amended or repealed either by approval of the outstanding shares (as defined in Section 152 of the California General Corporation Law) or by the approval of the Board; provided, however, that after the issuance of shares, a bylaw specifying or changing a fixed number of directors or the maximum or minimum number or changing from a fixed to a variable number of directors or vice versa may only be adopted by approval of the outstanding shares and a bylaw reducing the fixed number or the minimum number of directors to a number less than five shall be subject to the provisions of Section 212(a) of the California General Corporation Law.

AMERICAN STATES WATER COMPANY
2003 NON-EMPLOYEE DIRECTORS STOCK PLAN
Amended and Restated Effective as of
January 1, 2008

TABLE OF CONTENTS

SECTION 1.	GENERAL DESCRIPTION	1
SECTION 2.	DEFINITIONS	1
SECTION 3.	EFFECTIVE DATE; DURATION	3
SECTION 4.	STOCK OPTION AWARDS	3
4.1	Annual Award	3
4.2	Maximum Number of Shares.	3
4.3	Option Price.	3
4.4	Option Period and Exercisability.	4
4.5	Termination of Directorship.	4
4.6	Option Agreements.	4
4.7	Dividend Equivalent Credits to Option Dividend Equivalent Accounts.	4
SECTION 5.	STOCK UNITS AWARDS	4
5.1	2003 Awards	4
5.2	Annual Award	5
5.3	Crediting of Dividend Equivalents to Stock Unit Accounts	5
5.4	Units and Other Amounts Vest Immediately	5
5.5	Distribution of Benefits	5
SECTION 6.	CHANGES IN CAPITAL STRUCTURE	6
6.1	Adjustments	6
6.2	Corporate Transactions-Assumption or Termination of Awards	7
6.3	Option Termination	7
SECTION 7.	SHARES SUBJECT TO THE PLAN; SHARE LIMITS	7
7.1	Shares Available for Issuance	7
7.2	Share Limits; Cut Backs	7
7.3	Fractional Shares; Minimum Issue	8
SECTION 8.	ADMINISTRATION	8
8.1	The Administrator	8
8.2	Committee Action	8
8.3	Rights and Duties; Delegation and Reliance; Decisions Binding	8
SECTION 9.	AMENDMENT AND TERMINATION; STOCKHOLDER APPROVAL	9
9.1	Amendment and Termination	9
9.2	Stockholder Approval	9
SECTION 10.	MISCELLANEOUS	9
10.1	Limitation on Participants' Rights	9
10.2	Beneficiaries	9
10.3	Non-Transferability	10
10.4	Obligations Binding Upon Successors.	10
10.5	Governing Law; Severability	10
10.6	Compliance with Laws	11
10.7	Limitations on Rights Associated with Units	11
10.8	Plan Construction	11
10.9	Headings Not Part of Plan	11

**AMERICAN STATES WATER COMPANY
2003 NON-EMPLOYEE DIRECTORS STOCK PLAN**

Section 1. General Description

The American States Water Company 2003 Non-Employee Directors Stock Plan (the "Plan") provides for grants of stock units and stock options to non-employee directors. The purposes of the Plan are (a) to attract, motivate and retain eligible directors of the Company by providing to them supplemental stock-based compensation and (b) to encourage eligible directors to increase their stock ownership in the Company. The Plan is amended and restated in its entirety effective as of January 1, 2008.

Section 2. Definitions

Whenever the following terms are used in this Plan they shall have the meaning specified below unless the context clearly indicates to the contrary:

"**Account or Accounts**" means the Participant's Stock Unit Account or Option Dividend Equivalent Account, as the context requires.

"**Award Units**" means Stock Units credited pursuant to Sections 5.1 and 5.2 and any Dividend Equivalents credited thereon pursuant to Section 5.3.

"**Board**" means the Board of Directors of the Company.

"**Cause**" has the same meaning as determined under Section 304 of the California Corporations Code or any successor thereof.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Common Stock**" means the Common Stock of the Company, subject to adjustment pursuant to Section 6.

"**Committee**" means the Board or a Committee of the Board acting under delegated authority from the Board.

"**Company**" means American States Water Company, a California corporation, and its successors and assigns.

"**Dividend Equivalent**" means (a), with respect to a Participant's Option Dividend Equivalent Account, the amount of cash dividends or other cash distributions paid by the Company on that number of shares of Common Stock that is equal to the number of shares subject to each outstanding Option held by the Participant as of the applicable measurement date for the dividend or other distribution, which amount shall be allocated as Stock Units credited to the Participant's Option Dividend Equivalent Account pursuant to Section 4.7; and (b), with respect to a Participant's Stock Unit Account, the amount of cash dividends or other cash distributions paid by the Company on that number of shares of Common Stock that is equal to the number of Stock Units then credited to the Participant's Stock Unit Account as of the applicable measurement date for the dividend or other distribution, which amount shall be allocated as additional Stock Units to the Participant's Stock Unit Account pursuant to Section 5.3.

"**Distribution Subaccount**" means a subaccount of a Non-Employee Director's Option Dividend Equivalent Account established to separately account for Dividend Equivalents credited in the form of Stock Units with respect to each outstanding Option.

“**Effective Date**” means May 20, 2003, subject to shareholder approval at the 2004 annual meeting of shareholders.

“**Eligible Non-Employee Director**” means each Non-Employee Director who first becomes a Non-Employee Director on or after the date of the 2003 Annual Meeting and each other Non-Employee Director who notifies the Company in writing of his or her election to waive all benefits under the Retirement Plan in exchange for participation in the Stock Unit Award feature under Section 5.2(a) of this Plan.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“**Fair Market Value**” on any date means (1) if the stock is listed or admitted to trade on a national securities exchange, the closing price of the stock on the Composite Tape, as published in the Western Edition of The Wall Street Journal, of the principal national securities exchange on which the stock is so listed or admitted to trade, on such date, or, if there is no trading of the stock on such date, then the closing price of the stock as quoted on such Composite Tape on the next preceding date on which there was trading in such shares; (2) if the stock is not listed or admitted to trade on a national securities exchange, the last price for the stock on such date, as furnished by the National Association of Securities Dealers, Inc. (“NASD”) through the NASDAQ National Market Reporting System or a similar organization if the NASD is no longer reporting such information; (3) if the stock is not listed or admitted to trade on a national securities exchange and is not reported on the National Market Reporting System, the mean between the bid and asked price for the stock on such date, as furnished by the NASD or a similar organization; or (4) if the stock is not listed or admitted to trade on a national securities exchange, is not reported on the National Market Reporting System and if bid and asked prices for the stock are not furnished by the NASD or a similar organization, the value as established by the Committee at such time for purposes of this Plan.

“**Grant Date**” means the date on which an Option is granted pursuant to Section 4.

“**Non-Employee Director**” means a member of the Board who is not an officer or employee of the Company or a subsidiary.

“**Option or Nonqualified Stock Option**” means an option to purchase a number of shares of Common Stock granted to Non-Employee Directors pursuant to Section 4.1.

“**Option Dividend Equivalent Account**” means the bookkeeping account maintained by the Company on behalf of each Participant that is credited with Dividend Equivalents in accordance with Section 4.7, and includes each Distribution Subaccount.

“**Participant**” means any person who has been granted an Option or Award Units under this Plan.

“**Plan**” means the American States Water Company 2003 Non-Employee Directors Stock Plan.

“**Retirement**” means a retirement or resignation by a Non-Employee Director who either (a) has attained age 65 and has provided at least five years service as a member of the Board or (b) is required to retire from service on the Board and not seek reelection or nomination pursuant to the Company’s director retirement policy.

“**Retirement Plan**” means the Company’s Amended and Restated Retirement Plan for Non-Employee Directors of American States Water Company.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Stock**” means a share of Common Stock.

“**Stock Unit or Unit**” means a non-voting unit of measurement which is deemed for bookkeeping and payment purposes to represent one outstanding share of Common Stock of the Company solely for purposes of determining benefits under this Plan, established pursuant to the grant of Award Units under Sections 5.1 and 5.2, or in respect of Dividend Equivalents under Section 4.7 or Section 5.3, and payable solely in a share of Stock, on a one-for-one basis.

“**Stock Unit Account**” means the bookkeeping account maintained by the Company on behalf of each Participant that is credited with Award Units and Dividend Equivalents in accordance with Section 5.

“**2003 Annual Meeting**” means the Company’s 2003 annual meeting of stockholders.

Section 3. Effective Date; Duration

The effective date of the Plan is May 20, 2003, subject to approval of the Company’s stockholders at their 2004 annual meeting. No awards may be granted under the Plan after May 19, 2013. The Plan shall continue in effect until all matters relating to Options, Stock Units and the administration of the Plan have been completed and all payments of benefits have been made.

Section 4. Stock Option Awards

4.1 Annual Award.

(a) On the date of each annual meeting of stockholders in the years 2003 through 2006, each Non-Employee Director in office immediately following the annual meeting shall be granted, without further action by the Committee, a Nonqualified Stock Option to purchase shares of Common Stock. Each Non-Qualified Stock Option granted pursuant to this Section 4.1(a) in 2003 and 2004 shall be an option to purchase 1000 shares and each Nonqualified Stock Option granted pursuant to this Section 4.1(a) in 2005 and 2006 shall be an option to purchase 3000 shares.

(b) If any person who was not a Non-Employee Director at the immediately preceding annual meeting of stockholders at which a grant is made pursuant to Section 4.1(a) becomes a Non-Employee Director within six months following such annual meeting, then such Non-Employee Director shall be granted, without any further action by the Committee, a Nonqualified Stock Option to purchase that number of shares of Common Stock granted to Non-Employee Directors at the immediately preceding annual meeting, the Grant Date of which shall be the date the person takes office; provided, however, that no such grant shall be made after May 1, 2007.

4.2 Maximum Number of Shares. Annual grants that would otherwise exceed the maximum number of shares allotted for issuance under the Plan contained in Section 7.1 shall be prorated within such limitation pursuant to Section 7.2.

4.3 Option Price. The exercise price per share of the Stock covered by each Option granted pursuant to this Section 4 shall be 100% of the Fair Market Value of the Stock on the Grant Date. The exercise price of any Option granted under this Section 4 shall be paid in full at the time of each purchase in cash, by electronic funds transfer, or by check or in shares of Stock valued at their Fair Market Value on the date the Participant exercises the Option, or partly in such shares and partly in cash, provided that any such shares used in payment that were previously acquired by the Participant from the Company upon exercise of an Option or otherwise shall have been owned by the Participant at least six months prior to

the date of exercise. The Company shall not be obligated to deliver shares of Stock unless and until it receives full payment of the exercise price therefor and any related conditions of the Option have been satisfied.

4.4 Option Period and Exercisability. Each Option granted under this Section 4 and all rights or obligations thereunder shall expire 10 years after the Grant Date and shall be subject to earlier termination as provided below. Each Option shall be fully exercisable upon the Grant Date.

4.5 Termination of Directorship.

(a) If a Non-Employee Director's services as a member of the Board terminate for any reason other than Cause, then any Option granted pursuant to this Section 4 held by such Participant shall remain exercisable for the period of time set forth in the option agreement evidencing his or her Option.

(b) If a Non-Employee Director's services as a member of the Board terminate for Cause, all unexercised Options shall terminate on the date of termination of services.

4.6 Option Agreements. Each Option granted to a Non-Employee Director shall be evidenced by an agreement in a form approved by the Committee and shall contain the terms and conditions consistent with the Plan as approved by the Committee relating to the Option.

4.7 Dividend Equivalent Credits to Option Dividend Equivalent Accounts.

(a) As of each dividend record date from the date of grant of an Option to the earlier of (1) the third anniversary of the date of grant of such Option or (2) the Participant's termination of service for Cause, regardless of whether the Option has been partially or fully exercised, a Participant's Option Dividend Equivalent Account shall be credited with Stock Units in an amount equal to the Dividend Equivalents representing dividends payable as of such dividend record date on a number of shares equal to the aggregate number of shares originally subject to such Option divided by the then Fair Market Value of a share of Common Stock on the dividend record date. The Dividend Equivalents attributable to each Option granted to a Participant shall be credited to a separate Distribution Subaccount established for such Participant.

(b) Stock Units credited to the Participant's Distribution Subaccount with respect to an Option shall become payable to the Participant upon the earlier to occur of (1) the date of the Non-Employee Director's termination of service as a director of the Company or (2) three years from the Grant Date.

(c) Stock Units credited to a Non-Employee Director's Option Dividend Equivalent Account shall at all times be fully vested and non-forfeitable and shall be distributed in an equivalent whole number of shares of Stock. Any fractional share interests shall be accumulated and paid in cash on the distribution date.

Section 5. Stock Units Awards

5.1 2003 Awards

(a) Continuing Eligible Non-Employee Directors. As of the date of the 2003 Annual Meeting, the Stock Unit Account of each person who is continuing in office as an Eligible Non-Employee Director immediately following such meeting shall be credited with a number of Stock Units equal to (1) \$15,000, multiplied by (2) the lesser of (i) the Non-Employee Director's years

of prior Board service or (ii) 10, divided by (3) the Fair Market Value of a share of Common Stock on the last trading date prior to the 2003 Annual Meeting.

(b) New Non-Employee Directors. As of the date of the 2003 Annual Meeting, the Stock Unit Account of each person who first becomes a Non-Employee Director at the 2003 Annual Meeting shall be credited with a number of Stock Units equal to (1) the amount of the then-current annual retainer divided by (2) the Fair Market Value of a share of Common Stock on the last trading date prior to the 2003 Annual Meeting.

5.2 Annual Award.

(a) As of the date of each annual meeting of stockholders commencing in 2004, the Stock Unit Account of each Eligible Non-Employee Director in office immediately following the annual meeting, shall be credited with a number of Stock Units equal (1) the amount of the then-current annual retainer payable by the Company for services rendered as a director for such year, divided by (2) the Fair Market Value of Common Stock on the last trading date prior to such annual meeting; provided, however, that in no event shall the Stock Unit Account of an Eligible Non-Employee Director be credited with Stock Units with respect to more than 10 years of service (including, for this purpose, the number of years of service taken into account under Section 5.1(a)).

(b) As of the date of each annual meeting of the stockholders commencing in 2007, the Stock Unit Account of each Eligible Non-Employee Director in office immediately following the annual meeting shall be credited with a number of Stock Units equal to (1) the amount of the then-current annual retainer payable by the Company for services rendered as a director for such year, divided by (2) the Fair Market Value of Common Stock on the last trading date prior to such annual meeting.

(c) Annual grants that would otherwise exceed the maximum number of shares allotted for issuance under the Plan contained in Section 7.1 shall be prorated within such limitation pursuant to Section 7.2.

5.3 Crediting of Dividend Equivalents to Stock Unit Accounts.

(a) As of each dividend record date, an Eligible Non-Employee Director's Stock Unit Account shall be credited with additional Stock Units in an amount equal to the Dividend Equivalents representing dividends payable as of such dividend record date on a number of shares equal to the aggregate number of Units credited to the Participant's Stock Unit Account divided by the Fair Market Value of a share of Common Stock on the dividend record date.

(b) Stock Units credited in respect of Dividend Equivalents shall be paid in Stock at the same time and the same manner as the Stock Units to which they relate.

5.4 Units and Other Amounts Vest Immediately. All Units or other amounts credited to an Eligible Non-Employee Director's Stock Unit Account shall be at all times fully vested and not subject to a risk of forfeiture.

5.5 Distribution of Benefits.

(a) Notwithstanding anything herein to the contrary, the portion of a Non-Employee Director's Stock Unit Account attributable to Stock Units granted pursuant to Section 5.1 or 5.2(a) (and any Dividend Equivalents attributable to such Stock Units) shall be distributed in accordance with this Section 5.5(a).

(1) Commencement of Benefits Distribution. Subject to the terms of this Section 5.5(a) and Section 6, each Eligible Non-Employee Director shall be entitled to receive a distribution of his or her Stock Unit Account in the form of shares of Stock upon his or her termination of service as a director of the Company.

(2) Manner of Distribution. Upon an Eligible Non-Employee Director's termination of service as a director of the Company, the Company shall, subject to Section 7.2, deliver to the Participant (or his or her Beneficiary, as applicable) a number of shares of Stock equal to the number of Stock Units (as adjusted pursuant to Section 6, if applicable) to which the Participant is then entitled under the terms of Section 5.5(a). Such distribution shall be made in a lump sum as soon as administratively practicable, but no later than 30 days, following the Participant's termination of service.

(b) Notwithstanding anything herein to the contrary, the portion of a Non-Employee Director's Stock Unit Account attributable to Stock Units granted pursuant to Section 5.2(b) (and any Dividend Equivalents attributable to such Stock Units) shall be distributed in accordance with this Section 5.5(b).

(1) Commencement of Benefits Distribution. With respect to each grant of Stock Units to a Non-Employee Director, the Non-Employee Director shall be entitled to receive one-third of such Stock Units (including Dividend Equivalents applicable to such Stock Units) on each of the first, second and third anniversaries of such grant in the form of shares of Stock. Notwithstanding the foregoing, if a Non-Employee Director terminates service as a director of the Company prior to the complete distribution of his or her Stock Unit Account, such Non-Employee Director shall be entitled to receive a distribution of his or her Stock Unit Account in the form of shares of Stock.

(2) Manner of Distribution. Upon the first, second, and third anniversaries of the date of grant of Stock Units to a Non-Employee Director (or if earlier, the Non-Employee Director's termination of service as a director of the Company), the Company shall, subject to Section 7.2, deliver to the Participant (or his or her Beneficiary, as applicable) a number of shares of Stock equal to the number of Stock Units (as adjusted pursuant to Section 6, if applicable) to which the Participant is then entitled under the terms of Section 5.5(b). Such distribution shall be made in a lump sum as soon as administratively practicable, but no later than 30 days, following the applicable anniversary of the grant (or, if earlier, the Participant's termination of service).

Section 6. Changes in Capital Structure.

6.1 Adjustments. Upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution in respect of the Common Stock; or any exchange of Common Stock or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; then the Committee shall equitably and proportionately adjust (1) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of shares of Common Stock (or other securities or property) subject to any outstanding awards, (3) the grant, purchase, or exercise price of any outstanding awards, and/or (4) the securities, cash or other property deliverable upon exercise or payment of any outstanding awards, in each case to the extent appropriate to preclude the enlargement or dilution of rights and benefits under such awards.

It is intended that, if possible, any adjustments contemplated by the preceding paragraph be made in a manner that satisfies applicable legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code, Section 409A of the Code and Section 162(m) of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section 8.3, any good faith determination by the Committee pursuant to this Section 6.1 shall be conclusive and binding on all persons.

6.2 Corporate Transactions-Assumption or Termination of Awards. Upon the occurrence of any of the following: any merger, combination, consolidation, or other reorganization; any exchange of Common Stock or other securities of the Corporation; a sale of all or substantially all the business, stock or assets of the Corporation; a dissolution of the Corporation; or any other event in which the Corporation does not survive (or does not survive as a public company in respect of its Common Stock); then the Committee may make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding share-based awards or the cash, securities or property deliverable to the holder of any or all outstanding share-based awards, based upon, to the extent relevant under the circumstances, the distribution or consideration payable to holders of the Common Stock upon or in respect of such event.

The Committee may adopt such valuation methodologies for outstanding awards as it deems reasonable in the event of a cash or property settlement and, in the case of options or similar rights, but without limitation on other methodologies, may base such settlement solely upon the excess if any of the per share amount payable upon or in respect of such event over the exercise or base price of the award.

In any of the events referred to in this Section 6.2, the Committee may take such action contemplated by this Section 6.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Committee deems the action necessary to permit the participant to realize the benefits intended to be conveyed with respect to the underlying shares.

Without limiting the generality of Section 8.3, any good faith determination by the Committee pursuant to its authority under this Section 6.2 shall be conclusive and binding on all persons.

6.3 Option Termination. To the extent that any vested Option is not exercised prior to (i) a dissolution of the Company or (ii) a merger or other corporate event, and no provision is made for the assumption, conversion, substitution or exchange of the Option, the Option shall terminate upon the occurrence of such event.

Section 7. Shares Subject To The Plan; Share Limits

7.1 Shares Available for Issuance. Subject to adjustment under Section 6, the aggregate number of shares of Stock that may be issued or delivered under the Plan shall not exceed 250,000 shares. Stock delivered by the Company under the Plan shall be shares of authorized and unissued shares of Stock and/or previously issued Stock held as treasury shares and shall be fully paid and non-assessable when issued. Shares issuable on exercise of Options or payment of Stock Units shall be reserved for issue, and to the extent that awards terminate or expire without payment in shares, the shares will be available for subsequent grants or accretions. Subject to adjustment under Section 6, the aggregate number of Stock Units that may be issued or delivered under the Plan is 118,000.

7.2 Share Limits; Cut Backs. If any grant of an Option or the award or crediting of Stock Units would cause the sum of the shares of Stock previously issued and shares issuable under outstanding awards under the Plan to exceed the maximum number of shares authorized under the Plan, the Company shall prorate among the Non-Employee Directors the grant of new Options or award of Stock Units and allocate the number of remaining shares available for issuance first to the grant of Options and second toward the award of Award Units. If and for so long as no available share authorization remains, no additional Options shall be granted or Stock Units credited and cash shall be paid in lieu of dividend equivalents under Sections 4.7 and 5.3 for such duration.

7.3 **Fractional Shares; Minimum Issue.** Fractional share interests may be accumulated but shall not be issued. Cash will be paid or transferred in lieu of any fractional share interests that remain upon a final distribution under the Plan. No fewer than 100 shares may be purchased on exercise of an Option at any one time unless the number purchased is the total number at the time available for purchase under the Option.

Section 8. Administration

8.1 The Administrator.

The Administrator of this Plan shall be the Board as a whole or a Committee as appointed from time to time by the Board to serve as administrator of this Plan. The participating members of any Committee so acting shall include, as to decisions in respect of participants who are subject to Section 16 of the Exchange Act, only those members who are Non-Employee Directors (as defined in Rule 16b-3 promulgated under the Exchange Act). Members of the Committee shall not receive any additional compensation for administration of this Plan.

8.2 Committee Action.

A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant in this Plan. Action of the Committee with respect to the administration of this Plan shall be taken pursuant to a majority vote or (assuming compliance with Section 8.1) by unanimous written consent of its members.

8.3 Rights and Duties; Delegation and Reliance; Decisions Binding.

Subject to the limitations of this Plan, the Committee shall be charged with the general administration of this Plan and the responsibility for carrying out its provisions, and shall have powers necessary to accomplish those purposes, including, but not by way of limitation, the following:

- (a) To construe and interpret this Plan;
- (b) To resolve any questions concerning the amount of benefits payable to a Participant (except that no member of the Committee shall participate in a decision relating solely to his or her own benefits);
- (c) To make adjustments under Section 6 and all other determinations required by this Plan;
- (d) To maintain all the necessary records for the administration of this Plan; and
- (e) To make and publish forms, rules and procedures for the administration of this Plan.

The determination of the Committee made in good faith as to any disputed question or controversy and the Committee's determination of benefits payable to Participants, including decisions as to adjustments under Section 6, shall be conclusive and binding for all purposes of this Plan. In performing its duties, the Committee shall be entitled to rely on information, opinions, reports or statements prepared or presented by: (i) officers or employees of the Company whom the Committee believes to be reliable and competent as to such matters; and (ii) counsel (who may be employees of the Company), independent accountants and other persons as to matters which the Committee believes to be within such persons' professional or expert competence. The Committee shall be fully protected with respect to any action taken or omitted by it in good faith pursuant to the advice of such persons. The Committee may delegate ministerial, bookkeeping and other non-discretionary functions to individuals who are officers or employees of the Company.

Section 9. Amendment and Termination; Stockholder Approval

9.1 Amendment and Termination. Subject to Section 9.2, the Board shall have the right to amend this Plan in whole or in part from time to time or may at any time suspend or terminate this Plan; provided, however, that, except as contemplated by Section 6, no amendment or termination shall cancel or otherwise adversely affect in any way, without his or her written consent, any Participant's rights with respect to Stock Units credited to his or her Accounts or Options granted; and provided further that neither Section 4 nor any other provision of the Plan or an award shall be amended to permit the reduction (by amendment, substitution, cancellation and regrant or other means) of the exercise price of any Option without prior stockholder approval. Any amendments authorized hereby shall be stated in an instrument in writing, and all Participants shall be bound by such amendment. Changes contemplated by Section 6 shall not be deemed to constitute changes or amendments for purposes of this Section 9.1.

9.2 Stockholder Approval. The Plan, any grant, election, action, crediting or vesting prior to stockholder approval, shall be subject to approval of the Plan by the stockholders of the Company and, to the extent required under applicable law or listing agency rule, required by the provisions of Section 9.1, or deemed necessary or advisable by the Board, any amendment to the Plan shall be subject to stockholder approval.

Section 10. Miscellaneous

10.1 Limitation on Participants' Rights. Participation in this Plan shall not give any person the right to continue to serve as a member of the Board or any rights or interests other than as expressly provided herein. This Plan shall create only a contractual obligation on the part of the Company as to such amounts and shall not be construed as creating a trust or fiduciary relationship between the Company, the Board, the Committee, and any Participant or other person. This Plan, in and of itself, has no assets. Participants shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, on their Accounts, and rights no greater than the right to receive the Common Stock (or equivalent value as a general unsecured creditor) with respect to Accounts. Participants shall not be entitled to receive actual dividends or to vote Shares until after delivery of a certificate representing the Shares.

10.2 Beneficiaries.

(a) **Beneficiary Designation.** Upon forms provided by the Company each Non-Employee Director may designate in writing the Beneficiary or Beneficiaries (as defined in Section 10.2(b)) whom such Non-Employee Director desires to receive any amounts payable under the Plan after his or her death. Beneficiary designation forms shall be effective on the date that the form is received by the Corporate Secretary. A Non-Employee Director may from time to time change his or her designated Beneficiary or Beneficiaries without the consent of such Beneficiary or Beneficiaries by filing a new designation in writing with the Corporate Secretary. However, if a married Non-Employee Director wishes to designate a person other than his or her spouse as Beneficiary, such designation shall be consented to in writing by the spouse. The Non-Employee Director may change any election designating a Beneficiary or Beneficiaries without any requirement of further spousal consent if the spouse's consent so provides. Notwithstanding the foregoing, spousal consent shall not be necessary if it is established that the required consent cannot be obtained because the spouse cannot be located or because of other circumstances prescribed by the Committee. The Company and the Committee may rely on the Non-Employee Director's designation of a Beneficiary or Beneficiaries last filed in accordance with the terms of the Plan.

(b) **Definition of Beneficiary.** A Participant's "Beneficiary" or "Beneficiaries" shall be the person, persons, trust or trusts (or similar entity) designated by the Participant or, in the absence of a designation, entitled by will or the laws of descent and distribution to receive the Participant's benefits under this Plan in the event of the Participant's death, and shall mean the Participant's executor or administrator if no other Beneficiary is identified and able to act under the circumstances.

10.3 Non-Transferability. A Participant's rights and interests under the Plan in respect of Options and Stock Units, including amounts payable or Stock deliverable under or in respect thereof, may not be assigned, pledged, or transferred except:

(a) in the event of a Participant's death, to a designated beneficiary as provided in Section 10.2(b) above, or in the absence of such designation, by will or the laws of descent and distribution; or

(b) in the case of Options, with the consent of the Committee evidenced in writing or by duly adopted resolution, to certain persons or entities related to the Participant, including but not limited to members of the Participant's immediate family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's immediate family and/or charitable institutions, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for essentially estate and/or tax planning purposes or a gratuitous or donative basis and without consideration (other than nominal consideration or in exchange for an interest in a qualified transferee) and only if such transfer would not adversely affect the Company's eligibility to use Form S-8 to register under the Securities Act of 1933, as amended, the offering of shares issuable under the Plan by the Company.

The above exercise and transfer restrictions shall not apply to transfers to the Company or transfers pursuant to a court order.

10.4 Obligations Binding Upon Successors.

Obligations of the Company under this Plan shall be binding upon successors of the Company.

10.5 Governing Law; Severability.

The validity of this Plan and any agreements entered into under the Plan or any of its provisions shall be construed, administered and governed in all respects under the laws of the State of California. If any provisions of this Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.6 Compliance with Laws.

This Plan and the offer, issuance and delivery of shares of Common Stock and/or the payment of benefits under this Plan are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law) and to such approvals by any listing, agency or any regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under this Plan shall be subject to prior registration or such restrictions as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as it may reasonably request to assure such compliance.

10.7 Limitations on Rights Associated with Units. A Non-Employee Director's Accounts shall be a memorandum account on the books of the Company. The Units credited to a Non-Employee Director's Accounts shall be used solely as a device for the determination of the number of shares of Stock to be distributed to the Participant in accordance with this Plan following his or her termination of service as a director of the Company. The Units shall not be treated as property or as a trust fund of any kind. No Participant shall be entitled to any voting or other stockholder rights with respect to Units credited under this Plan. The number of Units credited to a Participant's Accounts shall be subject to adjustment in accordance with Section 6 and the terms of this Plan.

10.8 Plan Construction.

It is the intent of the Company that transactions pursuant to this Plan satisfy and be interpreted in a manner that satisfies the applicable conditions for exemption under Rule 16b-3 promulgated under the Exchange Act ("Rule 16b-3") so that, to the extent consistent therewith, the crediting of Units and the payment of Stock as well as grants of Options will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act and will not be subjected to avoidable liability thereunder.

10.9 Headings Not Part of Plan.

Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of the provisions hereof.

**GOLDEN STATE WATER COMPANY
PENSION RESTORATION PLAN**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I TITLE, PURPOSE AND DEFINITIONS	
1.1 - <u>Title</u>	1
1.2 - <u>Purpose</u>	1
1.3 - <u>Definitions</u>	1
ARTICLE II PARTICIPATION	
2.1 - <u>Eligibility Requirements</u>	2
ARTICLE III PAYMENT BENEFITS	
3.1 - <u>Payment</u>	2
ARTICLE IV RETIREMENT BENEFITS	
4.1 - <u>Retirement Benefit</u>	2
4.2 - <u>Benefit Limitation</u>	3
4.3 - <u>Payment of Retirement Benefits</u>	3
4.4 - <u>Small Benefit</u>	4
4.5 - <u>Forfeiture of Benefits</u>	4
4.6 - <u>Spouse Pre-Retirement Death Benefit</u>	4
4.7 - <u>Time and Form of Spouse Pre-Retirement Death Benefits</u>	5
ARTICLE V COMMITTEE	
5.1 - <u>Committee</u>	5
5.2 - <u>Agents</u>	5
5.3 - <u>Binding Effect of Decisions</u>	6
5.4 - <u>Indemnity</u>	6
5.5 - <u>Claim Procedure</u>	6
ARTICLE VI AMENDMENT AND TERMINATION	
6.1 - <u>Amendments and Termination</u>	6
6.2 - <u>Protection of Accrued Benefits</u>	6
ARTICLE VII MISCELLANEOUS	
7.1 - <u>Unfunded Plan</u>	7
7.2 - <u>Unsecured General Creditor</u>	7
7.3 - <u>Trust Fund</u>	7
7.4 - <u>Nonassignability</u>	7
7.5 - <u>Limitation on Participants' Rights</u>	7
7.6 - <u>Participants Bound</u>	7
7.7 - <u>Receipt and Release</u>	8
7.8 - <u>Federal Law Governs</u>	8
7.9 - <u>Headings and Subheadings</u>	8
7.10 - <u>Successors and Assigns</u>	8

**GOLDEN STATE WATER COMPANY
PENSION RESTORATION PLAN**

THIS PLAN, originally effective the 1st day of January, 1997, is hereby amended and restated effective December 31, 2008, by Golden State Water Company, a California corporation ("Company"), and evidences the terms of a Pension Restoration Plan for certain executives.

W I T N E S S E T H

ARTICLE I

TITLE, PURPOSE AND DEFINITIONS

1.1 - Title.

This plan shall be known as the "Golden State Water Company Pension Restoration Plan."

1.2 - Purpose.

The purpose of this Plan is to supplement retirement benefits payable to certain participants in the Golden State Water Company Pension Plan, as amended and in effect from time to time (the "Pension Plan") by making up benefits which are reduced by virtue of Sections 401(a)(17) or 415 of the Internal Revenue Code of 1986. No payment shall be made under this Plan which duplicates a benefit payable under any other deferred compensation plan or employment agreement of the Company.

1.3 - Definitions.

Unless defined herein, any word, phrase or term used in this Plan with initial capitals shall have the meaning given therefor in the Pension Plan.

"Actuarial Equivalent" shall mean an equivalent value compared using the interest rate and mortality assumptions used under the Pension Plan for purposes of determining actuarially equivalent benefits.

"Company" means Golden State Water Company or any successor corporation by merger, consolidation, or otherwise.

"Employer" means the Company and any subsidiary or any other member of its consolidated group (for federal tax purposes) designated by the Board of Directors to participate in the Plan.

"Eligible Employee" means each individual who meets each of the following requirements: (1) he or she is an officer of the Employer; (2) he or she is a participant in the Pension Plan; (3) his or her Pension Plan benefits are reduced by the application of Sections 401(a)(17) or 415 of the Code; and (4) he or she is designated as an Eligible Employee by the Board of Directors.

"Participant" means any Eligible Employee who is eligible for participation in this Plan as specified in Section 2.1.

"Plan" means the Golden State Water Company Pension Restoration Plan as set forth in this Agreement and all subsequent amendments hereto.

"Plan Year" means the calendar year.

“Separation from Service” means a Participant’s death, retirement or other termination of employment from the Employer that constitutes a “separation from service” within the meaning of Treasury Regulations Section 1.409A-1(h), without regard to the optional alternative definitions available thereunder.

“Similar Plan” means a plan required to be aggregated with this Plan under Treasury Regulations Section 1.409A-1(c)(2)(i)(A).

“Specified Employee” means a “Specified Employee,” under Section 409A of the Code and the regulations thereunder, as determined by the Committee.

ARTICLE II PARTICIPATION

2.1 - Eligibility Requirements.

An Employee who is an Eligible Employee shall become a Participant on the later of the date he or she becomes vested under the Pension Plan or becomes an Eligible Employee.

ARTICLE III PAYMENT OF BENEFITS

3.1 - Payment.

There shall be no funding of any benefit which may become payable hereunder. The Company may, but is not obligated to, invest in any assets or in life insurance policies which it deems desirable to provide assets for payments under this Plan but all such assets or life insurance policies shall remain the general assets of the Company. In connection with any such investments and as a condition of further participation in this Plan, Participants shall execute any documentation reasonably requested by the Company.

ARTICLE IV RETIREMENT BENEFITS

4.1 - Retirement Benefit.

Subject to Section 4.3, a Participant’s retirement benefit under this Plan shall equal the excess of (1) over (2) where:

(1) equals the Participant’s vested retirement benefit under the Pension Plan, commencing on the date set forth in Section 4.3, and payable in the form of benefit elected by the Participant (and spouse, if applicable) in accordance with Section 4.3 of this Plan, calculated by (i) ignoring Sections 401(a)(17) and 415 of the Code (and the Pension Plan provisions implementing those Code sections); (ii) including in the definition of “Compensation” payments made to a Participant pursuant to any “cash pay” annual performance incentive plan of the Company (other than any extraordinary bonus, including any holiday, year end, anniversary or signing bonus) and dividend equivalents paid in cash to the Participant in connection with awards granted prior to 2006 under an equity incentive plan of the Company; and (iii) treating “A” in Section 4.2 of the Pension Plan as equaling 2% per year of Credited Service (including partial years) prior to 2006 (or, if later, the date the individual becomes a Plan Participant) and 3% per year of Credited Service (including partial years) after 2005 (or, if later, the date the individual becomes a Plan Participant) up to a combined maximum of 60% for the total sum. This modified formula is calculated as 2% times X plus 3% times Y (up to a maximum of 60% for the total sum) minus Z where X is the Participant’s years of Credited Service (including partial years) before 2006 (or, if later, the date the individual becomes a Plan Participant) and Y is the Participant’s years of Credited Service (including partial years) after 2005 (or, if later, the date the individual becomes a Plan Participant) and Z is the lesser of 1.67% of the Participant’s Old Age Retirement Benefit (as defined in the Pension Plan) or 1% of Compensation times the Participant’s years of Credited Service (including partial years); and

(2) equals the vested retirement benefit that would be payable under the Pension Plan if such benefit began on the date set forth in Section 4.3 and was payable in the form of benefit elected by the Participant (and spouse, if applicable) under the Plan.

Notwithstanding the foregoing, with respect to Participants employed on January 1, 2006, if greater, the amount under (1) above will equal the Participant's vested retirement benefit under the Pension Plan (based on the normal retirement benefit formula described in Section 4.2 of the Pension Plan), commencing on the date set forth in Section 4.3, and payable in the form of benefit elected by the Participant (and spouse, if applicable) in accordance with Section 4.3 of this Plan, calculated by ignoring Section 401(a)(17) and 415 of the Code (and the Pension Plan provisions implementing those Code Sections) and including in the definition of "Compensation" payments made to a Participant pursuant to any "cash pay" annual performance incentive plan of the Company (other than any extraordinary bonus, including any holiday, year end, anniversary or signing bonus) and dividend equivalents paid in cash to the Participant in connection with awards granted prior to 2006 under an equity incentive plan of the Company.

4.2 - Benefit Limitation.

Notwithstanding any other provisions of the Plan, in the event that any benefit provided under this agreement would, in the opinion of counsel for the Company, not be deductible in whole or in part in the calculation of the federal income tax of the Company by reason of Section 280G of the Internal Revenue Code of 1986 (the "Code"), the aggregate benefits provided hereunder shall be reduced so that no portion of any amount which is paid to the Participant or Beneficiary is not deductible for tax purposes by reason of Section 280G of the Code.

4.3 - Time and Form of Retirement Benefits.

(A) Within 60 days following the later of (1) the Participant's Separation from Service or (2) the date the Participant attains age 55, the Employer shall commence to pay to such retired Participant (or beneficiary, if applicable, after the Participant's death) the monthly retirement benefit to which the Participant is entitled under this Plan, and payable in the form of benefit elected by the Participant (and spouse, if applicable). No benefits shall be payable under this Plan before a Participant's Separation from Service. An Eligible Employee who is an active Participant on December 31, 2008 may elect, on a form prescribed by the Committee, that such Participant's benefits under this Plan will begin within 60 days following the later of (1) the Participant's Separation from Service or (2) the Participant's attainment of an age that is 55 or later or the beginning of a specified year after the Participant turns age 55. If such a written election is not submitted to the Company by December 31, 2008, then such Participant's benefit shall begin as specified in the first sentence of this Section 4.3(A). A former Eligible Employee who has not started receiving benefits under the Plan as of December 31, 2008, may elect, on a form prescribed by the Committee, to begin receiving benefits on the later of (1) July 1, 2009 or (2) the Participant's attainment of an age that is 55 or later or the beginning of a specified year after the Participant turns age 55. If such a written election is not submitted to the Company by December 31, 2008, then such Participant's benefit shall begin on the later of (1) July 1, 2009 or (2) the Participant's attainment of age 55. Notwithstanding the foregoing or anything contained herein to the contrary, a Participant who is a Specified Employee may not receive any distribution until six months following the Specified Employee's Separation from Service. In the event any payments that otherwise would have been made during such six-month period are delayed, all such payments shall be paid immediately following the expiration of such six-month period plus Interest to the date of payment, and any subsequent payments shall be made according to the payment schedule that would have applied absent such six-month delay. If a Participant who is a Specified Employee dies after his Separation from Service but prior to the end of the six-month delay, then any payments that would have been paid to the Participant prior to his death absent the delay shall be paid to the Participant's Beneficiary and the Beneficiary shall begin receiving any benefit to which the Beneficiary is entitled based upon the Participant's form of benefit.

(B) If a Participant is married at the time his benefits under the Plan commence, his benefit shall be payable in the form of a Qualified Joint and 50% Survivor Annuity unless he elects, with spousal consent, to receive an Actuarial Equivalent benefit in one of the following optional forms of benefit: (1) Straight Life Annuity, (2) Ten (10) Year Certain and Life Annuity, (3) Twenty (20) Year Certain and Life Annuity, or (4) a 100%, 75%, 65-2/3% or 50% Contingent Annuity, each as described in the Pension Plan. If a Participant is not married at the time his benefits under the Plan commence, his benefit shall be payable as a Single Life Annuity, unless he elects to receive an Actuarial Equivalent benefit in one of the optional forms of benefit described in this Section 4.3.

4.4 - Small Benefit.

Notwithstanding anything else to the contrary herein, if at any time the sum of the Actuarial Equivalent values of (a) the benefit under this Plan, and (b) any benefits credited under any Similar Plan, is equal to or less than the applicable dollar amount under Section 402(g)(1)(B) of the Code, the Committee may, in its sole discretion, determine that the Participant (or Beneficiary, if applicable) entitled to such amounts will receive the entire sum described in clauses (a) and (b) as a cash lump sum payment as soon as administratively practicable following the exercise of such discretion (which shall be evidenced in writing) subject to any delay required by Section 4.3, regardless of any payment election by the Participant.

4.5 - Forfeiture of Benefits.

Notwithstanding any provision of this Plan to the contrary, no benefits shall be payable under this Plan with respect to any Participant if the Participant confesses to, is convicted of, or pleads no contest to, any act of fraud, theft or dishonesty arising in the course of, or in connection with, his or her employment with the Employer.

4.6 - Spouse Pre-Retirement Death Benefit.

If a Participant's spouse is entitled to a pre-retirement death benefit under Section 4.12 of the Pension Plan, the monthly benefit, if any, payable upon the death of a Participant to the Participant's spouse, commencing upon the date set forth in Section 4.7 and payable for the period such benefit is payable under the Pension Plan, shall be equal to the excess, if any, of:

(1) The monthly death benefit determined in accordance with Section 4.12 of the Pension Plan, calculated by (i) ignoring Sections 401(a)(17) and 415 of the Code (and the Pension Plan provisions implementing those Code sections); (ii) including in the definition of "Compensation" payments made to a Participant pursuant to any "cash pay" annual performance incentive plan of the Company (other than any extraordinary bonus, including any holiday, year end, anniversary or signing bonus) and dividend equivalents paid in cash to the Participant in connection with awards granted prior to 2006 under an equity incentive plan of the Company; and (iii) treating "A" in Section 4.2 of the Pension Plan as equaling 2% per year of Credited Service (including partial years) prior to 2006 (or, if later, the date the individual becomes a Plan Participant) and 3% per year of Credited Service (including partial years) after 2005 (or, if later, the date the individual becomes a Plan Participant) up to a combined maximum of 60% for the total sum. This modified formula is calculated as 2% times X plus 3% times Y (up to a maximum of 60% for the total sum) minus Z where X is the Participant's years of Credited Service (including partial years) before 2006 (or, if later, the date the individual becomes a Plan Participant) and Y is the Participant's years of Credited Service (including partial years) after 2005 (or, if later, the date the individual becomes a Plan Participant) and Z is the lesser of 1.67% of the Participant's Old Age Retirement Benefit (as defined in the Pension Plan) or 1% of Compensation times the Participant's years of Credited Service (including partial years),

over

(2) The amount of the monthly spouse death benefit payable to the Participant's spouse pursuant to Section 4.12 of the Pension Plan if the Participant's spouse were to begin receiving such monthly spouse death benefit payable under the Pension Plan on the date set forth in Section 4.7.

Notwithstanding the foregoing, with respect to Participants employed on January 1, 2006, if greater, (1) above will equal the monthly death benefit determined in accordance with Section 4.12 of the Pension Plan (based on the pre-retirement surviving spouse benefit described in Section 4.12 of the Pension Plan), calculated by ignoring Section 401(a)(17) and 415 of the Code (and the Pension Plan provisions implementing those Code sections) and including in the definition of "Compensation" payments made to a Participant pursuant to any "cash pay" annual performance incentive plan of the Company (other than any extraordinary bonus, including any holiday, year end, anniversary or signing bonus) and dividend equivalents paid in cash to the Participant in connection with awards granted prior to 2006 under an equity incentive plan of the Company.

No benefits under this Section 4.6 shall be paid if the benefits payable pursuant to any other provisions of this Article IV have already commenced.

4.7 - Time and Form of Spouse Pre-Retirement Death Benefits.

Within 60 days following the later of (1) the Participant's death or (2) the date the Participant would have attained age 55, the Employer shall commence to pay to such surviving spouse the monthly benefit to which the surviving spouse is entitled under this Plan. The benefit shall be payable in the form set forth in Section 4.12 of the Pension Plan.

ARTICLE V COMMITTEE

5.1 - Committee.

This Plan shall be administered by the Committee. The Committee shall have the authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (ii) decide or resolve any and all questions, including interpretations and constructions of this Plan as may arise in connection with the Plan. The Committee shall also have all rights and duties set forth in Section 6.3 of the Pension Plan. The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan. The Committee members may be Participants under this Plan.

5.2 - Agents.

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

5.3 - Binding Effect of Decisions.

The decision or action of the Committee in respect of any questions arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

5.4 - Indemnity.

To the extent permitted by applicable federal and state laws the Company shall indemnify and save harmless the Board of Directors, the Committee and each member of each thereof, and any employee appointed pursuant to Section 5.2, against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims, arising out of their discharge in good faith of responsibilities under or incident to the Plan, excepting only expenses and liabilities arising out of willful misconduct or gross negligence. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, as such indemnities are permitted under state law.

5.5 - Claim Procedure.

The entire claim procedure set forth in Section 6.3(g) of the Pension Plan, as amended from time to time, is hereby incorporated by reference.

**ARTICLE VI
AMENDMENT AND TERMINATION**

6.1 - Amendments and Termination.

The Company shall have the right to amend this Plan (and to amend or cancel any amendments) from time to time by resolution of the Board of Directors. Such amendment shall be stated in an instrument in writing, executed by the Company in the same manner as this Plan. The Company also reserves the right to terminate this Plan at any time by resolution of the Board of Directors.

6.2 - Protection of Accrued Benefits.

This Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any Eligible Employee (or any other employee) or a consideration for, or an inducement or condition of employment for the performance of services by any Eligible Employee or employee. Although the Company reserves the right to amend or terminate this Plan at any time and, subject at all times to the provisions of Section 4.3, no such amendment or termination shall result in the forfeiture of benefits accrued pursuant to this Plan as of the date of termination. The benefits accrued at that time shall be the lesser of (1) the benefit that would be payable under this Plan if the Participant terminated employment on the date of termination, or (2) the benefit that would be payable under this Plan at actual retirement under the Pension Plan (or death, if earlier) if this Plan were terminated. If the Plan is terminated, the benefits described in the preceding sentence shall be paid when they would otherwise be paid in accordance with Article IV. Notwithstanding the foregoing, the Company may, in its discretion, decide to distribute the benefits in another fashion to the extent permitted under Treasury Regulations Section 1.409A-3(j)(4)(ix).

**ARTICLE VII
MISCELLANEOUS**

7.1 - Unfunded Plan.

All benefits due under this Plan to a Participant shall be paid by the Employer that employed that Participant. This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Section 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore to be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA.

7.2 - Unsecured General Creditor.

In the event of an Employer's insolvency, Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be beneficiaries of, or have any rights, claims or interest in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. In that event, any and all of Employer's assets and policies shall be, and remain, unrestricted by the provisions of this Plan. An Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of Employer to pay money in the future.

7.3 - Trust Fund.

Each Employer shall be responsible for the payment of all benefits provided under the Plan to Participants employed by it. At its discretion, the Company may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

7.4 - Nonassignability.

None of the benefits, payments, proceeds or claims of any Participant or Beneficiary shall be subject to any claim of any creditor and, in particular, the same shall not be subject to attachment or garnishment or other legal process by any creditor, nor shall any Participant or Beneficiary have any right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments or proceeds which he may expect to receive, contingently or otherwise, under this agreement.

7.5 - Limitation on Participants' Rights.

Participation in this Plan shall not give any Eligible Employee the right to be retained in the Employer's employ or any right or interest in the Plan other than as herein provided. The Employer reserves the right to dismiss any Eligible Employee without any liability for any claim against the Employer, except to the extent provided herein.

7.6 - Participants Bound.

Any action with respect to this Plan taken by the Committee or by the Company, or any action authorized by or taken at the direction of the Committee or the Company, shall be conclusive upon all Participants and Beneficiaries entitled to benefits under the Plan.

7.7 - Receipt and Release.

Any payment to any Participant or Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Employer and the Committee, and the Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect. If any Participant or Beneficiary is determined by the Committee to be incompetent by reason of physical or mental disability (including minority) to give a valid receipt and release, the Committee may cause the payment or payments becoming due to such person to be made to another person for his or her benefit without responsibility on the part of the Committee or the Company to follow the application of such funds.

7.8 - Federal Law Governs.

This Plan shall be construed, administered, and governed in all respects under federal law (except as otherwise provided by Section 5.4), and to the extent that federal law is inapplicable, under the laws of the State of California, provided, however, that if any provision is susceptible to more than one interpretation, such interpretation shall be given thereto as consistent with this Plan being an unfunded plan described in Section 7.1. If any provision shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

7.9 - Headings and Subheadings.

Headings and subheadings in this agreement are inserted for convenience of records only and are not to be considered in the construction of the provisions hereof.

7.10 - - Successors and Assigns.

This agreement shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, the Company has caused these presents to be executed by its duly authorized officers and the corporate seal to be hereunto affixed this ____ day of _____, 2008.

GOLDEN STATE WATER COMPANY

By _____

By _____

AMENDMENT
TO
AMERICAN STATES WATER COMPANY
2000 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENTS

THIS AGREEMENT, dated as of the latest date set forth below (the "Effective Date"), between American States Water Company, a California corporation (the "Corporation"), and _____ ("Executive");

WHEREAS, pursuant to the American States Water Company 2000 Stock Incentive Plan, as amended (the "Plan"), the Corporation granted to Executive restricted stock unit awards of _____, _____, and _____ stock units (the "Awards") upon the terms and conditions set forth in award agreements dated as of _____, _____, and _____ (respectively) (the "Award Agreements") and in the Plan;

WHEREAS, the Corporation and Executive desire to amend the Award Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended and regulations thereunder;

WHEREAS, under the terms of the Plan, the Compensation Committee has the authority to change the vesting and payout provisions of outstanding awards; and

WHEREAS, the Compensation Committee has approved this Amendment to the Award Agreements.

NOW, THEREFORE, in consideration of the mutual promises and covenants made here and the mutual benefits to be derived herefrom the parties agree as follows:

1. **Defined Terms.** Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan and/or the applicable Award Agreement.

2. Effective as of the Effective Date, Section 6(a) of the Award Agreement is amended to read as follows:

"(a) **General.** Within 30 days following each Installment Vesting Date pursuant to Section 3(a), the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units subject to this Award that become vested on such Installment Vesting Date (including any Stock Units credited as dividend equivalents with respect to such vested Stock Units), unless such Stock Units terminate prior to such Installment Vesting Date pursuant to Section 3(b)."

3. Effective as of the Effective Date, Section 6(b) of the Award Agreement is amended to read as follows:

"(b) **Payment of Stock Units upon Termination of Employment as a Result of Death or Total Disability.** Notwithstanding Section 6(a), within 60 days following a termination of the Participant's employment as a result of his or her death or Total Disability, the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units subject to this Award that became vested in accordance with Section 3(b) (including any Stock Units credited as dividend equivalents with respect to such Stock Units)."

4. Effective as of the Effective Date, Section 6(c) of the Award Agreement is amended to read as follows:

“(c) **Payment of Stock Units Following Retirement Age or Change of Control.** Notwithstanding Section 6(a), if any portion of the Participant’s Stock Units subject to this Award (and any Stock Units credited as dividend equivalents with respect to such Stock Units) vest prior to the applicable Installment Vesting Date as a result of Section 3(c) or 3(d), then within 30 days following each subsequent Installment Vesting Date, the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units that would have vested on such Installment Vesting Date (including any Stock Units credited as dividend equivalents with respect to such Stock Units); provided, however, that if the Participant terminates employment prior to any such Installment Vesting Date, within 60 days following such termination of employment, the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units subject to this Award that have not yet been delivered to the Participant (including any Stock Units credited as dividend equivalents with respect to such vested Stock Units).”

5. Effective as of the Effective Date, the following new Section 6(f) is added to read as follows:

“(f) **Section 409A.** Notwithstanding anything herein to the contrary, if the Corporation reasonably determines that the payment of Stock Units as a result of the Participant’s termination of employment is subject to Section 409A(a)(2)(B)(i) of the Code, such payment shall not be paid until the earlier of (i) six months after the Participant’s “separation from service” (within the meaning of Section 409A of the Code and Treasury Regulations Section 1.409A-1(h) without regard to optional alternative definitions available thereunder) and (ii) the Participant’s death.”

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed on its behalf by a duly authorized officer and Executive has hereunto set his hand.

American States Water Company
(a California corporation)

By: _____
Dated: _____
(Executive)
By: _____
Dated: _____

**AMERICAN STATES WATER COMPANY
2008 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this “**Agreement**”) is dated as of [] by and between American States Water Company, a California corporation (the “**Corporation**”), and [] (the “**Participant**”).

W I T N E S S E T H

WHEREAS, pursuant to the American States Water Company 2008 Stock Incentive Plan, as amended (the “**Plan**”), the Corporation has granted to the Participant effective as of the date hereof (the “**Award Date**”), an award of restricted stock units under the Plan (the “**Award**”), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of services rendered and to be rendered by the Participant, and the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. **Defined Terms.** Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. **Grant.** Subject to the terms of this Agreement, the Corporation hereby grants to the Participant an Award with respect to an aggregate of [] stock units (subject to adjustment as provided in Section 5.2 of the Plan) (the “**Stock Units**”). As used herein, the term “stock unit” means a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Corporation’s Common Shares (subject to adjustment as provided in Section 5.2 of the Plan) solely for purposes of the Plan and this Agreement. The Corporation will maintain a Stock Unit bookkeeping account for the Participant (the “**Account**”). The Stock Units granted to the Participant under this Agreement will be credited to the Participant’s Account as of the Award Date. The Stock Units shall be used solely as a device for the determination of the payment to eventually be made to the Participant if such Stock Units vest pursuant to Section 3. The Stock Units shall not be treated as property or as a trust fund of any kind.

3. **Vesting.**

(a) **General.** The Award shall vest and become nonforfeitable with respect to [] percent ([]%) of the total number of Stock Units on [], [] ([]%) of the total number of Stock Units on [] and [] percent ([]%) of the total number of Stock Units on [] (each, an “**Installment Vesting Date**”) (subject to adjustment under Section 5.2 of the Plan), provided the Participant is still employed by the Corporation or a Subsidiary on the applicable Installment Vesting Date, subject to earlier termination as provided herein or in the Plan.

(b) **Termination of Employment Prior to Vesting.** Notwithstanding Section 3(a), the Participant’s Stock Units (and any Stock Units credited as dividend equivalents) shall terminate to the extent such Stock Units have not become vested prior to the first date the Participant is no longer employed by the Corporation or one of its Subsidiaries, regardless of the reason for the termination of the Participant’s employment with the Corporation or a Subsidiary; *provided, however*, that if the Participant’s employment is terminated by the Corporation or a Subsidiary as a result of the Participant’s death or Total Disability, the Participant’s Stock Units, to the extent such units are not then vested, shall become fully vested as of the date of termination of the Participant’s employment. If the Participant is employed by a Subsidiary and that entity ceases to be a Subsidiary, such event shall be deemed to be a termination of employment of the Participant for purposes of this Agreement (unless the Participant otherwise continues to be employed by the Corporation or another of its Subsidiaries following such event). If any unvested Stock Units are terminated hereunder, such Stock Units (and any Stock Units credited as dividend equivalents) shall automatically terminate and be cancelled as of the applicable termination date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant’s beneficiary or personal representative, as the case may be.

(c) **Early Vesting Upon Change in Control.** Notwithstanding Section 3(a), the Participant's Stock Units (and any Stock Units credited as dividend equivalents), to the extent such Stock Units are not then vested, shall become fully vested upon the occurrence of a Change in Control, as defined in the Plan.

4. **Continuance of Employment.** The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under this Agreement. Partial employment or service, even if substantial, during any vesting period will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 3(b) or under the Plan.

Nothing contained in this Agreement or the Plan constitutes an employment or service commitment by the Corporation, affects the Participant's status as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or services, or affects the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation or benefits. Nothing in this paragraph, however, is intended to adversely affect any independent contractual right of the Participant without his consent thereto.

5. **Dividend and Voting Rights.**

(a) **Limitation on Rights Associated with Units.** The Participant shall have no rights as a shareholder of the Corporation, no dividend rights (except as expressly provided in Section 5(b) with respect to dividend equivalent rights) and no voting rights, with respect to the Stock Units and any Common Shares underlying or issuable in respect of such Stock Units until such Common Shares are actually issued to and held of record by the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the stock certificate.

(b) **Dividend Equivalents.** The Participant shall be entitled to receive dividend equivalents in the form of additional Stock Units with respect to the Stock Units credited to his or her Account as the Corporation declares and pays dividends on its Common Shares in the form of cash. The number of Stock Units to be credited to the Participant's Account as a dividend equivalent will equal (1) the per share cash dividend to be paid by the Corporation on its Common Shares multiplied by the number of Stock Units then credited to the Participant's Account on the record date for that dividend divided by (2) the Fair Market Value of the Common Shares on the related dividend payment date. The Corporation shall credit such additional Stock Units to the Participant's Account as of the related dividend payment date. Stock Units credited as dividend equivalents will become vested to the same extent as the Stock Units to which they relate. For purposes of clarity, no dividend equivalents shall be credited for a dividend record date with respect to any Stock Units that were paid or terminated prior to such dividend record date.

6. **Timing and Manner of Payment.**

(a) **General.** Within 30 days following each Installment Vesting Date pursuant to Section 3(a), the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units subject to this Award that become vested on such Installment Vesting Date (including any Stock Units credited as dividend equivalents with respect to such vested Stock Units), unless such Stock Units terminate prior to such Installment Vesting Date pursuant to Section 3(b).

(b) **Payment of Stock Units upon Termination of Employment as a Result of Death or Total Disability.** Notwithstanding Section 6(a), within 60 days following a termination of the Participant's employment as a result of his or her death or Total Disability, the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units subject to this Award that became vested in accordance with Section 3(b) (including any Stock Units credited as dividend equivalents with respect to such Stock Units).

(c) **Payment of Stock Units Following Retirement Age or Change in Control Event.** Notwithstanding Section 6(a), if any portion of the Participant's Stock Units subject to this Award (and any Stock Units credited as dividend equivalents with respect to such Stock Units) vest prior to the applicable Installment Vesting Date as a result of Section 3(c) or 3(d), then within 30 days following each subsequent Installment Vesting Date, the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units that would have vested on such Installment Vesting Date (including any Stock Units credited as dividend equivalents with respect to such Stock Units); provided, however, that if the Participant terminates employment prior to any such Installment Vesting Date, within 60 days following such termination of employment, the Corporation shall deliver to the Participant a number of Common Shares equal to the number of Stock Units subject to this Award that have not yet been delivered to the Participant (including any Stock Units credited as dividend equivalents with respect to such vested Stock Units).

(d) **Termination of Stock Units Upon Payment.** A Stock Unit will terminate upon the payment of that Stock Unit in accordance with the terms hereof, and the Participant shall have no further rights with respect to such Stock Unit.

(e) **Form of Payment.** The Corporation may deliver the Common Shares payable to the Participant under this Section 6 either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its discretion.

(f) **Section 409A.** Notwithstanding anything herein to the contrary, if the Corporation reasonably determines that the payment of Stock Units as a result of the Participant's termination of employment is subject to Section 409A(a)(2)(B)(i) of the Code, such payment shall not be paid until the earlier of (i) six months after the Participant's "separation from service" (within the meaning of Section 409A of the Code and Treasury Regulations Section 1.409A-1(h) without regard to optional alternative definitions available thereunder) and (ii) the Participant's death.

7. **Restrictions on Transfer.** Neither the Award, nor any interest therein or amount or shares payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily. The transfer restrictions in the preceding sentence shall not apply to (a) transfers to the Corporation, (b) transfers by will or the laws of descent and distribution, or (c) transfers pursuant to a QDRO order if approved or ratified by the Committee.

8. **Adjustments Upon Specified Events.** Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 5.2 of the Plan, the Administrator shall make adjustments if appropriate in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award.

9. **Tax Withholding.** Upon the vesting and/or distribution of Common Shares in respect of the Stock Units, the Corporation (or the Subsidiary last employing the Participant) shall have the right at its option to (a) require the Participant to pay or provide for payment in cash of the amount of any taxes that the Corporation or the Subsidiary may be required to withhold with respect to such vesting and/or distribution, or (b) deduct from any amount payable to the Participant the amount of any taxes which the Corporation or the Subsidiary may be required to withhold with respect to such vesting and/or distribution. In any case where a tax is required to be withheld in connection with the delivery of Common Shares under this Agreement, the Administrator may, in its sole discretion, direct the Corporation or the Subsidiary to reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then Fair Market Value (with the "Fair Market Value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy such withholding obligation at the minimum applicable withholding rates.

10. **Notices.** Any notice to be given under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's last address reflected on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be given only when received, but if the Participant is no longer an employee of the Corporation, shall be deemed to have been duly given by the Corporation when enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government.

11. **Plan.** The Award and all rights of the Participant under this Agreement are subject to, and the Participant agrees to be bound by, all of the terms and conditions of the provisions of the Plan, incorporated herein by reference. In the event of a conflict or inconsistency between the terms and conditions of this Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Participant agrees to be bound by the terms of the Plan and this Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Agreement. Unless otherwise expressly provided in other sections of this Agreement, provisions of the Plan that confer discretionary authority on the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Administrator so conferred by appropriate action of the Administrator under the Plan after the date hereof.

12. **Entire Agreement.** This Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Agreement may be amended pursuant to Section 5.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

13. **Limitation on Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Corporation as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Corporation with respect to amounts credited and benefits payable, if any, with respect to the Stock Units, and rights no greater than the right to receive the Common Shares as a general unsecured creditor with respect to Stock Units, as and when payable hereunder.

14. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

15. **Section Headings.** The section headings of this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

16. **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California without regard to conflict of law principles thereunder.

17. **Construction.** It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed on its behalf by a duly authorized officer and the Participant has hereunto set his or her hand as of the date and year first above written.

AMERICAN STATES WATER COMPANY, a California corporation By: _____ Print Name: _____ Its: _____	PARTICIPANT _____ <i>Signature</i> _____ <i>Print Name</i>
--	---

CONSENT OF SPOUSE

In consideration of the execution of the foregoing Restricted Stock Unit Award Agreement by American States Water Company, I, _____, the spouse of the Participant therein named, do hereby join with my spouse in executing the foregoing Restricted Stock Unit Award Agreement and do hereby agree to be bound by all of the terms and provisions thereof and of the Plan.

Dated: _____, []

Signature of Spouse

Print Name

[FORM OF AMENDED AND RESTATED CHANGE-IN-CONTROL AGREEMENT]
AMENDED AND RESTATED CHANGE-IN-CONTROL AGREEMENT

This Amended and Restated Change-in-Control Agreement (the "Agreement") is dated as of [], is entered into by and between [] (the "Executive") and [Golden State Water Company, a California corporation][American States Utility Services, Inc., a California corporation][NEEDS TO BE CHANGED TO BE SIGNED BY ACTUAL EMPLOYER] (the "Company"), and amends and restates in its entirety the Change-in-Control Agreement dated as of [] between the Executive and the Company.

RECITALS

The Company considers it essential to the best interest of the Company and its shareholders that the Executive be encouraged to remain with the Company and continue to devote full attention to the Company's business notwithstanding the possibility, threat or occurrence of a Change in Control (as defined in Section 3). The Company believes that it is in the best interest of the Company, its shareholder and the shareholders of its parent, American States Water Company, a California corporation ("AWR"), to reinforce and encourage the continued attention and dedication of the Executive and to diminish inevitable distractions arising from the possibility of a Change in Control. Accordingly, to assure the Company that it will have the Executive's undivided attention and services notwithstanding the possibility, threat or occurrence of a Change in Control, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Board of Directors of the Company has, at the recommendation of the Company's Compensation Committee, caused the Company to enter into this Agreement.

TERMS AND CONDITIONS

The Executive and the Company hereby agree to the following terms and conditions:

1. Term of Agreement

If a Change in Control (as defined in Section 3) occurs on or before the expiration date of this Agreement and while the Executive is still an employee of the Company, then this Agreement will continue in effect for two years from the date of such Change in Control and, if the Executive's employment with the Company is terminated within such two-year period, this Agreement shall thereafter continue in effect until all of the obligations of the Company under this Agreement shall have been fulfilled. If no Change in Control occurs on or before December 31, 2010, this Agreement shall expire; provided, however that this Agreement shall be automatically extended for an additional two years to December 31, 2012 if (i) a plan or agreement for a Change in Control has been approved by the Board of Directors of AWR, on or before the expiration date, or (ii) the Company has not delivered to you or you shall have not delivered to the Company written notice at least 60 days prior to the expiration date that such expiration date shall not be so extended. This Agreement shall continue to be automatically extended for an additional two-year period and each succeeding two-year period if a plan or agreement for a Change in Control has been approved by the Board of Directors of AWR, or the Company or the Executive fails to give notice by the time and in the manner described in this Section 1.

2. Change in Control Date

The "Change in Control Date" shall mean the first date during the term of this Agreement on which a Change in Control (as defined in Section 3) occurs; provided, however, that if a Change in Control occurs and if the Executive's employment with the Company is terminated after approval by the Board of Directors of AWR of a plan or agreement for a Change in Control but prior to the date on which the Change in Control occurs, the "Change in Control Date" shall mean the date immediately preceding the date of such termination.

3. Change in Control

A "Change in Control" shall mean any of the following events:

(a) any sale, lease, exchange or other change in ownership (in one or a series of transactions) of all or substantially all of the assets of AWR, unless its business is continued by another entity in which holders of AWR's voting securities immediately before the event own, either directly or indirectly, more than fifty-five percent (55%) of the continuing entity's voting securities immediately after the event;

(b) any reorganization or merger of AWR, unless the holders of AWR's voting securities immediately before the event own, either directly or indirectly, more than fifty-five percent (55%) of the continuing or surviving entity's voting securities immediately after the event, and (ii) at least a majority of the members of the Board of Directors of the surviving entity resulting from such reorganization or merger were members of the incumbent Board of Directors of AWR at the time of the execution of the initial agreement or of the action of such incumbent Board of Directors providing for such reorganization or merger;

(c) an acquisition by any person, entity or group acting in concert of more than fifty-five percent (55%) of the voting securities of AWR, unless the holders of AWR's voting securities immediately before the event own, either directly or indirectly, more than fifty-five percent (55%) of the acquirer's voting securities immediately after the acquisition;

(d) the consummation of a tender offer or exchange offer by any individual, entity or group which results in such individual, entity or group beneficially owning (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934 twenty-five percent (25%) or more of the voting securities of AWR, unless the tender offer is made by AWR or any of its subsidiaries or the tender offer is approved by a majority of the members of the Board of Directors of AWR who were in office at the beginning of the twelve month period preceding the commencement of the tender offer; or

(e) a change of one-half or more of the members of the Board of Directors of AWR within a twelve-month period, unless the election or nomination for election by shareholders of new directors within such period constituting a majority of the applicable Board was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were in office at the beginning of the twelve month period.

4. Effective Period

For the purpose of this Agreement, the "Effective Period" is the period commencing on the Change in Control Date and ending on the date this Agreement terminates.

5. Termination of Employment

(a) Death or Disability: The Executive's employment shall terminate automatically upon the Executive's death. If the Disability (as defined below) of the Executive occurs during the Effective Period, the Company may give the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of his or her duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from his or her duties with the Company on a full-time basis for 180 consecutive business days as a result of a physical or mental condition which prevents the Executive from performing the Executive's normal duties of employment and which is (i) determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative and/or (ii) entitles the Executive to the payment of long-term disability benefits from the Company's or AWR's long-term disability plan commencing no later than the Disability Effective Date.

(b) Cause: The Company may terminate the Executive's employment other than for Cause or Disability during the Effective Period. The Company may also terminate the Executive's employment during the Effective Period for Cause. For purposes of this Agreement, "Cause" shall be limited to the following:

- (i) the Executive's failure to render services to the Company where such failure amounts to gross neglect or gross misconduct of the Executive's responsibility and duties,
- (ii) the Executive's commission of an act of fraud or dishonesty against the Company or any affiliate of the Company, or
- (iii) the Executive's conviction of a felony or other crime involving moral turpitude.

(c) Good Reason: The Executive's employment may be terminated by the Executive during the Effective Period for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

- (i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the Change in Control Date, or any other action by the Company or AWR which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or AWR, as applicable, promptly, but in no event more than thirty (30) days after receipt of notice thereof given by the Executive;
 - (ii) any failure by the Company or AWR to reappoint the Executive to a position held by the Executive on the Change in Control Date, except as a result of the termination of the Executive's employment by the Company for Cause or Disability, the death of the Executive, or the termination of the Executive's employment by the Executive other than for Good Reason;
 - (iii) reduction by the Company or AWR in the Executive's base salary in effect on the date hereof or as the same may be increased from time-to-time;
 - (iv) elimination by the Company or AWR of any cash incentive or other cash bonus compensation plan, without providing substitutes hereof, or any modification of the terms thereof that would substantially diminish (in the aggregate, taking into consideration changes in salary, etc.) the aggregate amount of the base salary and cash incentive or other cash bonus that is reasonably expected to be earned by the Executive during any calendar year from the aggregate amount that would reasonably have been expected to be earned by the Executive, assuming the maintenance of the cash incentive or cash bonus compensation plan or plans in effect on the Change in Control Date;
 - (v) the taking of any action by the Company or AWR (including the elimination of benefit plans without providing substitutes hereof or the reduction of the Executive's benefits thereunder) that would substantially diminish the aggregate value of the Executive's other fringe benefits, including the executive benefits and perquisites, from the levels in effect prior to the Change in Control Date;
-

(vi) the Company or AWR provides written notice to the Executive that the Executive will be based at any office or location which increases the distance from the Executive's home to the office location by more than 35 miles from the distance in effect as of the Change in Control Date; and

(vii) any failure by the Company or AWR to comply with and satisfy Section 11© of this Agreement.

6. Obligations of the Company upon Termination

(a) Good Reason, Other Than for Cause or Disability: If the Company shall terminate the Executive's employment other than for Cause or Disability during the Effective Period, or the Executive shall terminate employment for Good Reason during the Effective Period, the Company and AWR agree, subject to Sections 6(f), 8 and 9, to make the payments and provide the benefits described below:

(i) The Company or AWR shall pay to the Executive in a cash lump sum within 10 days from the date of the Executive's termination of employment, an amount equal to the product of (A) and (B), where (A) is 2.99 and (B) is calculated as the sum of (i) the Executive's annual base salary at the highest rate in effect in any year of the three calendar years immediately preceding the date of termination of employment; plus (ii) the average of the payments made to the Executive pursuant to any "cash-pay" performance incentive plan of the Company or AWR (a "Cash Incentive Payment") during the five calendar years immediately preceding the date of termination of employment (or, in the event that the Executive has less than five calendar years of credited service, the sum of the Executive's Cash Incentive Payments during the number of calendar years of the Executive's employment with AWR or any of its subsidiaries divided by the number of calendar years of the Executive's employment with AWR or any of its subsidiaries); and provided that if the Executive is employed pursuant to any written employment agreement, the Cash Incentive Payment in any year for purposes of calculations under this clause (ii) shall not be less than any minimum incentive or annual cash bonus required thereunder; provided that Cash Incentive Payments do not include (A) any extraordinary bonus, including any holiday, year end, anniversary or signing bonus; (B) any amounts paid or to be paid to the Executive under this Agreement, (C) reimbursement of moving or other expenses; or (D) any other lump sum payment, unless specifically designated as a Cash Incentive Payment pursuant to an incentive plan of the Company or AWR by the Board of Directors of AWR or the Company, or any committee thereof; plus (iii) the average of the amount of cash received by the Executive with respect to dividend equivalents credited to the account of the Executive ("Dividend Equivalents") during the five calendar years immediately preceding the date of termination of employment (or, in the event that the Executive has less than five calendar years of credited service or any such year did not include Dividend Equivalent payments, the sum of the Dividend Equivalents during the number of calendar years of the Executive's employment with AWR or any of its subsidiaries divided by the number of calendar years of the Executive's employment with AWR or any of its subsidiaries and in which Dividend Equivalents were paid). Unless otherwise provided pursuant to the terms of the cash incentive compensation plan of AWR or the Company or the terms of the award, the amount paid to the Executive pursuant to this Section 6(a)(i) shall be in lieu of any Cash Incentive Payment to which the Executive would otherwise be entitled under any cash incentive plan of the Company or AWR for the year in which the Executive's employment is terminated as a result of a Change in Control.

(ii) The Company or AWR shall also pay to the Executive in a cash lump sum within 10 days from the date of the Executive's termination of employment, an amount equal to the sum of (A) the Executive's base salary through the date of termination, plus (B) any accrued vacation pay, in each case to the extent not theretofore paid (the amounts referred to in this paragraph (ii) are hereinafter referred to as the "Accrued Obligations").

(iii) The Company or AWR shall also pay to the Executive in a cash lump sum within 10 days from the date of the Executive's termination of employment, an amount equal to the excess of (A) over (B), where (A) is equal to the single sum actuarial equivalent of what would be the Executive's accrued benefits under the terms of the Golden State Water Company Pension Plan, or any successor thereto, including the Golden State Water Company Pension Restoration Plan and any other supplemental retirement plan providing pension benefits (hereinafter together referred to as the "Pension Plan") at the time of the Executive's termination of employment, without regard to whether such benefits would be vested thereunder, if the Executive were credited with an additional three years of credited service (as defined in the Pension Plan), and (B) is equal to the single sum actuarial equivalent of the Executive's vested accrued benefits under the Pension Plan at the time of the Executive's termination of employment. For purposes of this paragraph (iii), the term "single sum actuarial equivalent" shall be determined using an interest rate equal to six percent (6%) and the mortality table named and described in detail in Section A.1 of the Pension Plan after the reduction (if any) of the Executive's benefit using the "Regular Factors" under Section A.4 of the Pension Plan and using the Executive's age upon termination of employment. Any payment under this paragraph (iii) shall not extinguish any rights the Executive has to benefits under the Pension Plan.

(iv) For [three years for CEO and CFO] two years after the date of the Executive's termination of employment, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide medical, dental, vision, accidental death and dismemberment, and life insurance coverage, and reimbursement of club dues to the Executive and/or the Executive's family at least equal to those which would have been provided to them if the Executive's employment had not been terminated (in accordance with the most favorable plans, practices, programs or policies of the Company and its affiliates applicable generally to other peer executives and their families immediately preceding the date of the Executive's termination of employment); provided, however, that if the Executive becomes employed by another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for any retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until [three years for CEO and CFO] two years after the date of termination of employment and to have retired on the last day of such period. Following the period of continued benefits referred to in this subsection, the Executive and the Executive's covered family members shall be given the right provided in Section 4980B of the Internal Revenue Code of 1986 (the "Code") to elect to continue benefits in all group medical plans. In the event that the Executive's participation in any of the plans, programs, practices or policies of the Company referred to in this subsection is barred by the terms of such plans, programs, practices or policies or applicable law, the Company shall provide the Executive with benefits substantially similar to those which the Executive would be entitled as a participant in such plans, programs, practices or policies. At the end of the period of coverage, the Executive shall have the option to have assigned to the Executive, at no cost and with no apportionment of prepaid premiums, any assignable insurance policy owned by the Company and relating specifically to the Executive.

(v) The Company and AWR shall enable the Executive to purchase within 10 days following the Executive's termination of employment, the automobile, if any, provided by the Company for the Executive's use at the time of the Executive's termination of employment at the wholesale value of such automobile at such time, as shown in the current edition of the National Auto Research Publication Blue Book.

(vi) To the extent not theretofore paid or provided, the Company or AWR shall timely pay or provide the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy, practice, contract or agreement of the Company and its affiliates (such other amounts and benefits being hereinafter referred to as "Other Benefits") in accordance with the terms of such plan, program, policy, practice, contract or agreement.

(vii) The Executive shall be entitled to interest on any payments not paid on a timely basis as provided in this Section 6(a) at the applicable Federal Rate provided for in Section 7872(f)(2)(A) of the Code.

(viii) Upon the occurrence of a Change in Control, each stock option granted to an Executive under any stock incentive plan of AWR or the Company shall become immediately exercisable, and each restricted stock award under any stock incentive plan of AWR or the Company shall immediately vest free of restrictions. If the vesting of any stock option or restricted stock award has been accelerated expressly in anticipation of a Change in Control and the Board of Directors later determines that a Change in Control will not occur, the effect of the acceleration as to any then outstanding and unexercised stock option or restricted stock award shall be rescinded. In no event shall any such stock option or restricted stock award be reinstated or extended beyond its final expiration date.

(b) Death: If the Executive's employment is terminated by reason of the Executive's death during the Effective Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a cash lump sum within 10 days of the date of the Executive's death.

(c) Disability: If the Executive's employment is terminated by reason of the Executive's Disability during the Effective Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a cash lump sum within 10 days of the Executive's termination of employment.

(d) Cause, Other than for Good Reason: If the Executive's employment shall be terminated for Cause during the Effective Period or, if the Executive voluntarily terminates employment during the Effective Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and any benefits payable to the Executive under a plan, policy, practice, etc., referred to in Section 7 below. Accrued Obligations shall be paid to the Executive in a cash lump sum within 10 days of the Executive's termination of employment.

(e) Payment of Club Dues. This Section 6(e) shall apply to any club dues that may be reimbursed pursuant to Section 6(a)(iv) that exceed the de minimus amounts set forth in Treasury Regulations Section 1.409A-1(b)(9)(v)(D) (the "Club Dues"). The amount of Club Dues that the Executive receives in one taxable year shall not affect the amount of Club Dues that the Executive receives in any other taxable year. To the extent the Executive is reimbursed for any Club Dues, such reimbursement shall be paid to the Executive on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred. The Club Dues are not subject to liquidation or exchange for another benefit.

(f) Six-Month Delay. Notwithstanding any other provisions of the Agreement, any payment or benefit otherwise required to be made after the Executive's termination of employment that the Company reasonably determines is subject to Section 409A(a)(2)(B)(i) of the Code, shall not be paid or payment commenced until the later of (i) six months after the date of the Executive's "separation from service" (within the meaning of Section 409A of the Code and Treasury Regulations Section 1.409A-1(h) without regard to optional alternative definitions available thereunder) and (ii) the payment date or commencement date specified in the Agreement for such payment(s). With respect to any benefit that the Company cannot provide during the six-month period following the Executive's separation from service pursuant to the preceding sentence, the Executive shall pay the cost or premium for such benefit during such period and be reimbursed by the Company herefore. On the earliest date on which such payments can be made or commenced without violating the requirements of Section 409A(a)(2)(B)(i) of the Code, the Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to this Section 6(f), including reimbursement for any premiums paid by the Executive as a result of the delay.

7. Non-Exclusivity of Rights

Subject to Section 8, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliates and for which the Executive may qualify, nor, subject to Sections 6(f), 8 and 20, shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice, program, contract or agreement with the Company or any of its affiliates at or subsequent to the date of termination of the Executive's employment shall be payable in accordance with such plan, policy, practice, program, contract or agreement except as explicitly modified by this Agreement.

8. Limitation on Benefits

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits to be made to or for the Executive's benefit, whether pursuant to this Agreement or otherwise, whether by the Company or another entity or person, would not be deductible by the Company due to limitations imposed by Section 162(m) of the Code, then to the extent permitted by Treasury Regulation Section 1.409A-2(b)(7)(i) without subjecting the Executive to adverse tax consequences, such payments or benefits shall be delayed. The delayed amounts shall be paid to the Executive at the earliest date the Company reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Section 162(m) of the Code; provided, however, that if the Executive is a Specified Employee, to the extent deemed necessary to comply with Treasury Regulations Section 1.409A-3(i)(2), the delayed payment shall not be made before the end of the six-month period following the Executive's separation from service. The Executive shall also be entitled to interest on any payments deferred as a result of the limitations on deductibility under Section 162(m) of the Code at the applicable Federal Rate provided for in Section 7872(f)(2)(A) of the Code. Either the Company or the Executive may request a determination as to whether any payments would be subject to limitations on deductibility under Section 162(m) of the Code and, if so requested, such determination shall be made by independent legal counsel selected by the Company and approved by the Executive.

9. Parachute Payments

(a) Gross-Up Payment. In the event that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments under this Section 9(a) (a "Payment") is determined to be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Company shall pay promptly to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payments.

(b) Accounting Firm. Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by PricewaterhouseCoopers LLP or, if that firm declines the engagement, such other certified public accounting firm as may be designated by the Executive and which is satisfactory to the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and to the Executive within 15 business days after such determinations are requested by the Executive or the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. The Company shall pay any Gross-Up Payment, as determined pursuant to this Section 9(b), to the Executive within 5 days after the receipt by the Company of the Accounting Firm's determination. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (an "Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and the Company shall pay such Underpayment promptly to or for the benefit of the Executive.

(c) Internal Revenue Service Claims. Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after Executive is informed in writing of such claims and shall apprise the Company of the nature of such claim, and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) Give the Company any information reasonably requested by either of them relating to such claim,
- (ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) Cooperate with the Company in good faith in order to contest such claim effectively, and
- (iv) Permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9©, the Company shall control all proceedings taken in connection with such contests and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall pay the amount of such payment to the Executive, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such payment or with respect to any imputed income with respect to such payment; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the control by the Company of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) Refunds. If, after receipt by the Executive of an amount paid by the Company pursuant to Section 9©, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance by the Company with the requirements of Section 9©) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after receipt by the Executive of an amount paid by the Company pursuant to Section 9©, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Payment. Notwithstanding anything herein to the contrary, any payment under this Section 9 shall be paid to the Executive by the end of the Executive's taxable year following the taxable year in which the Executive pays the related taxes.

10. Full Settlement

The obligation of the Company to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 6(a)(iv), such amounts shall not be reduced whether or not the Executive obtains other employment.

11. Successors

(a) This Agreement is personal to the Executive and shall not be assignable by the Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, the "Company" shall mean the Company as defined and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise, and "AWR" shall mean AWR as defined and any successor to its business and/or assets by operation of law or otherwise.

12. Arbitration

(a) Because it is agreed that time will be of the essence in determining whether any payments are due to the Executive under this Agreement, the Executive may submit any claim for payment under this Agreement or dispute regarding the interpretation of this Agreement to arbitration. This right to select arbitration shall be solely that of the Executive, and the Executive may decide whether or not to arbitrate in his or her discretion. The "right to select arbitration" is not mandatory on the Executive, and the Executive may choose in lieu thereof to bring an action in an appropriate civil court. Once arbitration is commenced, however, it may not be discontinued without the mutual consent of both parties to the arbitration. During the lifetime of the Executive only he or she can use the arbitration procedure set forth in this section.

(b) Any claim for arbitration may be submitted as follows: If the Executive disagrees with the Company regarding the interpretation of this Agreement and the claim is finally denied by the Company in whole or in part, such claim may be filed in writing with an arbitrator of the Executive's choice who is selected by the method described in the next three sentences. The first step of the selection shall consist of the Executive submitting a list of 5 potential arbitrators to the Company. Each of the five arbitrators must be either (1) a member of the National Academy of Arbitrators located in the State of California or (2) a retired California Superior Court or Appellate Court judge. Within 2 weeks after receipt of the list, the Company shall select one of the five arbitrators as the arbitrator for the dispute in question. If the Company fails to select an arbitrator in a timely manner, the Executive shall then designate one of the five arbitrators as the arbitrator for the dispute in question.

(c) The arbitration hearing shall be held within 30 days (or as soon thereafter as possible) after the picking of the arbitrator. No continuance of the hearing shall be allowed without the mutual consent of the Executive and the Company. Absence from or nonparticipation at the hearing by either party shall not prevent the issuance of an award. Hearing procedures which will expedite the hearing may be ordered at the arbitrator's discretion, and the arbitrator may close the hearing at his or her discretion when sufficient evidence to satisfy issuance of an award has been presented.

18. Withholding Taxes

The Company may withhold required federal, state, local or foreign taxes from any amounts payable under this Agreement.

19. No Waiver

The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have under this Agreement, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right under this Agreement.

20. At-Will Employment

The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company prior to the Change in Control Date is "at will" and, prior to the Change in Control Date, the Executive's employment may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement. From and after the Change in Control Date, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

21. Counterparts

This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same Agreement.

22. Section 409A

It is intended that any amounts payable under this Agreement shall either be exempt from Section 409A of the Code or shall comply with Section 409A (including Treasury regulations and other published guidance related thereto) so as not to subject the Executive to payment of any additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Executive.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first written above in San Dimas, California.

[GOLDEN STATE WATER COMPANY]
[AMERICAN STATES UTILITY SERVICES, INC.]
By _____
Title

EXECUTIVE

_____ []

[FORM OF AMENDMENT TO INDIVIDUAL CHANGE-IN-CONTROL AGREEMENT]

AMENDMENT TO CHANGE-IN-CONTROL AGREEMENT

WHEREAS, a Change-in-Control Agreement (the "Agreement") dated as of [], was previously entered into by and between [] (the "Executive") and [Golden State Water Company, a California corporation][American States Utility Services, Inc., a California corporation][NEEDS TO BE CHANGED TO BE SIGNED BY ACTUAL EMPLOYER] (the "Company"); and

WHEREAS, this Amendment to the Agreement between the Executive and the Company, as set forth below, is effective January 1, 2009:

1. Section 6 of the Agreement is amended to read as follows:

"6. Obligations of the Company upon Termination

(a) Good Reason, Other Than for Cause or Disability: If the Company shall terminate the Executive's employment other than for Cause or Disability during the Effective Period, or the Executive shall terminate employment for Good Reason during the Effective Period, the Company and AWR agree, subject to Sections 6(f), 8 and 9, to make the payments and provide the benefits described below:

(i) The Company or AWR shall pay to the Executive in a cash lump sum within 10 days from the date of the Executive's termination of employment, an amount equal to the product of (A) and (B), where (A) is 2.99 and (B) is calculated as the sum of (i) the Executive's annual base salary at the highest rate in effect in any year of the three calendar years immediately preceding the date of termination of employment; plus (ii) the average of the payments made to the Executive pursuant to any 'cash-pay' performance incentive plan of the Company or AWR (a 'Cash Incentive Payment') during the five calendar years immediately preceding the date of termination of employment (or, in the event that the Executive has less than five calendar years of credited service, the sum of the Executive's Cash Incentive Payments during the number of calendar years of the Executive's employment with AWR or any of its subsidiaries divided by the number of calendar years of the Executive's employment with AWR or any of its subsidiaries); and provided that if the Executive is employed pursuant to any written employment agreement, the Cash Incentive Payment in any year for purposes of calculations under this clause (ii) shall not be less than any minimum incentive or annual cash bonus required thereunder; provided that Cash Incentive Payments do not include (A) any extraordinary bonus, including any holiday, year end, anniversary or signing bonus; (B) any amounts paid or to be paid to the Executive under this Agreement, (C) reimbursement of moving or other expenses; or (D) any other lump sum payment, unless specifically designated as a Cash Incentive Payment pursuant to an incentive plan of the Company or AWR by the Board of Directors of AWR or the Company, or any committee thereof; plus (iii) the average of the amount of cash received by the Executive with respect to dividend equivalents credited to the account of the Executive ("Dividend Equivalents") during the five calendar years immediately preceding the date of termination of employment (or, in the event that the Executive has less than five calendar years of credited service or any such year did not include Dividend Equivalent payments, the sum of the Dividend Equivalents during the number of calendar years of the Executive's employment with AWR or any of its subsidiaries divided by the number of calendar years of the Executive's employment with AWR or any of its subsidiaries and in which Dividend Equivalents were paid). Unless otherwise provided pursuant to the terms of the cash incentive compensation plan of AWR or the Company or the terms of the award, the amount paid to the Executive pursuant to this Section 6(a)(i) shall be in lieu of any Cash Incentive Payment to which the Executive would otherwise be entitled under any cash incentive plan of the Company or AWR for the year in which the Executive's employment is terminated as a result of a Change in Control.

(ii) The Company or AWR shall also pay to the Executive in a cash lump sum within 10 days from the date of the Executive's termination of employment, an amount equal to the sum of (A) the Executive's base salary through the date of termination, plus (B) any accrued vacation pay, in each case to the extent not theretofore paid (the amounts referred to in this paragraph (ii) are hereinafter referred to as the 'Accrued Obligations').

(iii) The Company or AWR shall also pay to the Executive in a cash lump sum within 10 days from the date of the Executive's termination of employment, an amount equal to the excess of (A) over (B), where (A) is equal to the single sum actuarial equivalent of what would be the Executive's accrued benefits under the terms of the Golden State Water Company Pension Plan, or any successor thereto, including the Golden State Water Company Pension Restoration Plan and any other supplemental retirement plan providing pension benefits (hereinafter together referred to as the 'Pension Plan') at the time of the Executive's termination of employment, without regard to whether such benefits would be vested thereunder, if the Executive were credited with an additional three years of credited service (as defined in the Pension Plan), and (B) is equal to the single sum actuarial equivalent of the Executive's vested accrued benefits under the Pension Plan at the time of the Executive's termination of employment. For purposes of this paragraph (iii), the term 'single sum actuarial equivalent' shall be determined using an interest rate equal to six percent (6%) and the mortality table named and described in detail in Section A.1 of the Pension Plan after the reduction (if any) of the Executive's benefit using the 'Regular Factors' under Section A.4 of the Pension Plan and using the Executive's age upon termination of employment. Any payment under this paragraph (iii) shall not extinguish any rights the Executive has to benefits under the Pension Plan.

(iv) For [three years for CEO and CFO] two years after the date of the Executive's termination of employment, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide medical, dental, vision, accidental death and dismemberment, and life insurance coverage, and reimbursement of club dues to the Executive and/or the Executive's family at least equal to those which would have been provided to them if the Executive's employment had not been terminated (in accordance with the most favorable plans, practices, programs or policies of the Company and its affiliates applicable generally to other peer executives and their families immediately preceding the date of the Executive's termination of employment) (the 'Continued Benefits'); provided, however, that if the Executive becomes employed by another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for any retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until [three years for CEO and CFO] two years after the date of termination of employment and to have retired on the last day of such period. Following the period of continued benefits referred to in this subsection, the Executive and the Executive's covered family members shall be given the right provided in Section 4980B of the Internal Revenue Code of 1986 (the 'Code') to elect to continue benefits in all group medical plans. In the event that the Executive's participation in any of the plans, programs, practices or policies of the Company referred to in this subsection is barred by the terms of such plans, programs, practices or policies or applicable law, the Company shall provide the Executive with benefits substantially similar to those which the Executive would be entitled as a participant in such plans, programs, practices or policies. At the end of the period of coverage, the Executive shall have the option to have assigned to the Executive, at no cost and with no apportionment of prepaid premiums, any assignable insurance policy owned by the Company and relating specifically to the Executive.

(v) The Company and AWR shall enable the Executive to purchase within 10 days following the Executive's termination of employment, the automobile, if any, provided by the Company for the Executive's use at the time of the Executive's termination of employment at the wholesale value of such automobile at such time, as shown in the current edition of the National Auto Research Publication Blue Book.

(vi) To the extent not theretofore paid or provided, the Company or AWR shall timely pay or provide the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy, practice, contract or agreement of the Company and its affiliates (such other amounts and benefits being hereinafter referred to as 'Other Benefits') in accordance with the terms of such plan, program, policy, practice, contract or agreement.

(vii) The Executive shall be entitled to interest on any payments not paid on a timely basis as provided in this Section 6(a) at the applicable Federal Rate provided for in Section 7872(f)(2)(A) of the Code.

(viii) Upon the occurrence of a Change in Control, each stock option granted to an Executive under any stock incentive plan of AWR or the Company shall become immediately exercisable, and each restricted stock award under any stock incentive plan of AWR or the Company shall immediately vest free of restrictions. If the vesting of any stock option or restricted stock award has been accelerated expressly in anticipation of a Change in Control and the Board of Directors later determines that a Change in Control will not occur, the effect of the acceleration as to any then outstanding and unexercised stock option or restricted stock award shall be rescinded. In no event shall any such stock option or restricted stock award be reinstated or extended beyond its final expiration date.

(b) Death: If the Executive's employment is terminated by reason of the Executive's death during the Effective Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a cash lump sum within 10 days of the date of the Executive's death.

(c) Disability: If the Executive's employment is terminated by reason of the Executive's Disability during the Effective Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a cash lump sum within 10 days of the Executive's termination of employment.

(d) Cause, Other than for Good Reason: If the Executive's employment shall be terminated for Cause during the Effective Period or, if the Executive voluntarily terminates employment during the Effective Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and any benefits payable to the Executive under a plan, policy, practice, etc., referred to in Section 7 below. Accrued Obligations shall be paid to the Executive in a cash lump sum within 10 days of the Executive's termination of employment.

(e) Payment of Club Dues. This Section 6(e) shall apply to any club dues that may be reimbursed pursuant to Section 6(a)(iv) that exceed the de minimus amounts set forth in Treasury Regulations Section 1.409A-1(b)(9)(iv)(D) (the "Club Dues"). The amount of Club Dues that the Executive receives in one taxable year shall not affect the amount of Club Dues that the Executive receives in any other taxable year. To the extent the Executive is reimbursed for any Club Dues, such reimbursement shall be paid to the Executive on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred. The Club Dues are not subject to liquidation or exchange for another benefit.

(f) Six-Month Delay. Notwithstanding any other provisions of the Agreement, any payment or benefit otherwise required to be made after the Executive's termination of employment that the Company reasonably determines is subject to Section 409A(a)(2)(B)(i) of the Code, shall not be paid or payment commenced until the later of (i) six months after the date of the Executive's 'separation from service' (within the meaning of Section 409A of the Code and Treasury Regulations Section 1.409A-1(h) without regard to optional alternative definitions available thereunder) and (ii) the payment date or commencement date specified in the Agreement for such payment(s). With respect to any benefit that the Company cannot provide during the six-month period following the Executive's separation from service pursuant to the preceding sentence, the Executive shall pay the cost or premium for such benefit during such period and be reimbursed by the Company therefor. On the earliest date on which such payments can be made or commenced without violating the requirements of Section 409A(a)(2)(B)(i) of the Code, the Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to this Section 6(f), including reimbursement for any premiums paid by the Executive as a result of the delay."

2. The first sentence of Section 7 of the Agreement is amended to read as follows:

"Subject to Section 8, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliates and for which the Executive may qualify, nor, subject to Sections 6(f), 8 and 20, shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliates."

3. Section 8 of the Agreement is amended to read as follows:

"8. Limitation on Benefits

Notwithstanding anything in this Agreement to the contrary, if any payments or benefits to be made to or for the Executive's benefit, whether pursuant to this Agreement or otherwise, whether by the Company or another entity or person, would not be deductible by the Company due to limitations imposed by Section 162(m) of the Code, then to the extent permitted by Treasury Regulation Section 1.409A-2(b)(7)(i) without subjecting the Executive to adverse tax consequences, such payments or benefits shall be delayed. The delayed amounts shall be paid to the Executive at the earliest date the Company reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Section 162(m) of the Code; provided, however, that if the Executive is a Specified Employee, to the extent deemed necessary to comply with Treasury Regulations Section 1.409A-3(i)(2), the delayed payment shall not be made before the end of the six-month period following the Executive's separation from service. The Executive shall also be entitled to interest on any payments deferred as a result of the limitations on deductibility under Section 162(m) of the Code at the applicable Federal Rate provided for in Section 7872(f)(2)(A) of the Code. Either the Company or the Executive may request a determination as to whether any payments would be subject to limitations on deductibility under Section 162(m) of the Code and, if so requested, such determination shall be made by independent legal counsel selected by the Company and approved by the Executive."

4. A new paragraph (e) is added at the end of Section 9 of the Agreement, to read as follows:
“(e) Payment. Notwithstanding anything herein to the contrary, any payment under this Section 9 shall be paid to the Executive by the end of the Executive’s taxable year following the taxable year in which the Executive pays the related taxes.”

5. Section 22 of the Agreement is amended to read as follows:

“22. **Section 409A**

It is intended that any amounts payable under this Agreement shall either be exempt from Section 409A of the Code or shall comply with Section 409A (including Treasury regulations and other published guidance related thereto) so as not to subject the Executive to payment of any additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Executive.”

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Agreement to be duly executed and delivered effective the day and year first written above in San Dimas, California.

[GOLDEN STATE WATER COMPANY]

[AMERICAN STATES UTILITY SERVICES, INC.]

By _____
Title

Date _____

EXECUTIVE

[]

Date _____