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For Immediate Release

Indiana American Water Adds Additional Capacity to its Noblesville System

Project will Provide Additional Capacity, Boost System Pressure

Noblesville, Ind. (November 13, 2008) – Indiana American Water, a subsidiary of American Water Company (NYSE: AWK), today released details of an approximately \$7.6 million expansion project that adds system capacity for Noblesville customers. The announcement was made at a ribbon cutting ceremony for a new one-million-gallon water tank located near Promise Road and 186th Street in Noblesville.

The project will boost pressure by about 15 pounds per square inch in the system's main pressure zone, primarily serving customers north of 146th Street and west of State Road 37, as well as some customers located east of State Road 37 and north of State Road 238 (see attachment "A" for more detail).

"A high quality source of water is an important part of any successful community and this project enables us to meet the needs of a growing Noblesville," said David Carter, Operations Supervisor for the company's Noblesville district. "We're proud of the part we've been able to play in building a strong economy and making Noblesville a great place to work and live.

"These improvements will increase system pressure and flows, enhance fire protection capabilities, better utilize the available capacity at our White River North treatment plant and help us to better move water to where it's needed during times of peak demand," Carter continued. "It will also help us to more efficiently deliver additional supply that is scheduled to be in place next year."

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According to Indiana American President David Baker, “We are committed to investing in the communities we serve and to playing an important role in their success and these investments allow us to deliver on that commitment. Nearly one in five residents across the state depends on Indiana American Water to meet their water needs and we are dedicated to treating, delivering and protecting this precious resource to our customers every day.”

The project, which will be finished later this year, includes adding additional pumping and treatment capacity at the company’s White River North Treatment Facility, construction of a 1 million gallon water tank near Promise Road and 186th Street, and the installation of more than 1.5 miles of new 16-inch transmission mains. Commercial customers located in the area where system pressure is increasing who have questions about how the increase in pressure may affect them can contact the company’s Cross Connection hotline at 866-612-2843.

Indiana American Water serves nearly 12,500 customers in Hamilton County. The total population served in the area is approximately 34,000.

About Indiana American Water

Indiana American Water is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to more than 1.2 million people and is a wholly-owned subsidiary of American Water (NYSE: AWK). Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs nearly 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15.6 million people in 32 states and Ontario, Canada. More information can be found by visiting www.amwater.com.

Forward-looking statements

This release contains forward looking statements, including, among others, our plan to continue our long-term strategy of capital investment in our systems. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, changes in regulations or regulatory treatment and availability and the cost of capital. We undertake no obligation to publicly update or revise any forward-looking statement.

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Noblesville Pressure Zone Map (Attachment A)

