

# American Water Works IPO Reaps Lukewarm Interest

by Lynn Cowan

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The stock of water-services company American Water Works Co. had a tepid opening reception for its initial public offering Wednesday, declining 4.2%.

The IPO of stock finished at \$20.60 a share on the New York Stock Exchange, below its IPO price of \$21.50. The Voorhees, N.J., company hoped to raise as much as \$1.66 billion in the offering, but ended up cutting the number of shares—to 58 million from 64 million—and the price to get it done, ultimately raising \$1.25 billion.

The company's expected price range had been set at \$24 to \$26 by underwriters Goldman Sachs Group Inc., Citigroup Inc. and Merrill Lynch & Co.

As a result, German parent RWE AG, which was the sole seller of all the shares, lowered its 2008 net-profit forecast Wednesday, saying it will come in "slightly be-

low" the €2.66 billion (\$4.23

lion) achieved last year. RWE,

many's second-largest utility by market value behind E.ON AG, previously forecast 2008 net profit to rise more than 10%.

Analysts said earlier this week that interest in the deal appeared weak, with underwriters offering larger-than-expected allocations and investors pushing for a lower price.

American Water Works operates waste-water and drinking-water services in 32 U.S. states and one Canadian province. The company, which carries \$5.02 billion in debt, has reported a loss in every year since 2005, because of the bite interest payments have taken out of its operating income.

The American Water debut was in contrast to Tuesday's 58% skyrocket for fertilizer company Intrepid Potash Inc., the first to hit the market after a month's hiatus for new stock issues. Intrepid fell 2.6% Wednesday.