

AMERICAN STATES WATER CO  
 Form 4  
 May 18, 2006

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 GALLAGHER JAMES B

2. Issuer Name and Ticker or Trading Symbol  
 AMERICAN STATES WATER CO  
 [AWR]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 15219 GREEN VALLEY DRIVE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 05/16/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Vice President

CHINO HILLS, CA 91709

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	05/16/2006		M		9,075	A	\$ 23.15
Common Stock	05/16/2006		S		600	D	\$ 40.05
Common Stock	05/16/2006		S		800	D	\$ 40.04
Common Stock	05/16/2006		S		200	D	\$ 40.03
Common Stock	05/16/2006		S		100	D	\$ 40.02

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Common Stock	05/16/2006	S	1,500	D	\$ 40.01	8,079.696	D
Common Stock	05/16/2006	S	2,200	D	\$ 40	5,879.696	D
Common Stock	05/16/2006	S	900	D	\$ 39.99	4,979.696	D
Common Stock	05/16/2006	S	300	D	\$ 39.98	4,679.696	D
Common Stock	05/16/2006	S	100	D	\$ 39.97	4,579.696	D
Common Stock	05/16/2006	S	700	D	\$ 39.96	3,879.696	D
Common Stock	05/16/2006	S	200	D	\$ 39.94	3,679.696	D
Common Stock	05/16/2006	S	1,475	D	\$ 39.75	2,204.696 <sup>(1)</sup>	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 23.15	05/16/2006		M	9,075	<sup>(2)</sup> 12/31/2012	Common Stock	9,075

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GALLAGHER JAMES B 15219 GREEN VALLEY DRIVE CHINO HILLS, CA 91709			Vice President	

## Signatures

/s/ James B.  
Gallagher

05/17/2006

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Filing 3 of 3
- (2) The Option became exercisable as to 2,995 of the 9,075 total number of shares subject to the option on December 31, 2003, an additional 2,995 shares on December 31, 2004 and an additional 3,085 on December 31, 2005.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.