



AMERICAN WATER

NYSE: AWK

## 2013 Year-end Earnings Conference Call

February 27, 2014



# **Edward D. Vallejo**

## **Vice President Investor Relations**

# Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this presentation are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events and may relate to, among other things, its future financial performance, including earnings, growth and portfolio optimization strategies, its ability to finance current operations and growth initiatives, trends in its industry, regulatory or legal developments or rate adjustments. Actual results could differ materially because of factors such as the decisions of governmental and regulatory bodies, including decisions to raise or lower rates; the timeliness of regulatory commissions' actions concerning rates; changes in laws, governmental regulations and policies, including environmental, health and water quality, and public utility regulations and policies; the outcome of litigation and government action related to the Freedom Industries chemical spill in West Virginia; weather conditions, patterns or events, including drought or abnormally high rainfall, strong winds and coastal and intercoastal flooding; changes in customer demand for, and patterns of use of, water, such as may result from conservation efforts; its ability to appropriately maintain current infrastructure and manage the expansion of its business; its ability to obtain permits and other approvals for projects; changes in its capital requirements; its ability to control operating expenses and to achieve efficiencies in its operations; its ability to obtain adequate and cost-effective supplies of chemicals, electricity, fuel, water and other raw materials that are needed for its operations; its ability to successfully acquire and integrate water and wastewater systems that are complementary to its operations and the growth of its business, including, among other core growth opportunities, concession arrangements and agreements for the provision of water services in the unregulated shale arena; cost overruns relating to improvements or the expansion of its operations; changes in general economic, business and financial market conditions; access to sufficient capital on satisfactory terms; fluctuations in interest rates; restrictive covenants in or changes to the credit ratings on the company's current or future debt that could increase its financing costs or affect its ability to borrow, make payments on debt or pay dividends; fluctuations in the value of benefit plan assets and liabilities that could increase its cost and funding requirements; migration of customers into or out of its service territories; difficulty in obtaining insurance at acceptable rates and on acceptable terms and conditions; its ability to retain and attract qualified employees; the incurrence of impairment charges; labor actions including work stoppages and strikes; and civil disturbance, terrorist threats or acts, or public apprehension about future disturbances or terrorist threats or acts.

For further information regarding risks and uncertainties associated with American Water's business, please refer to American Water's annual, quarterly and current SEC filings. The company undertakes no duty to update any forward-looking statement.

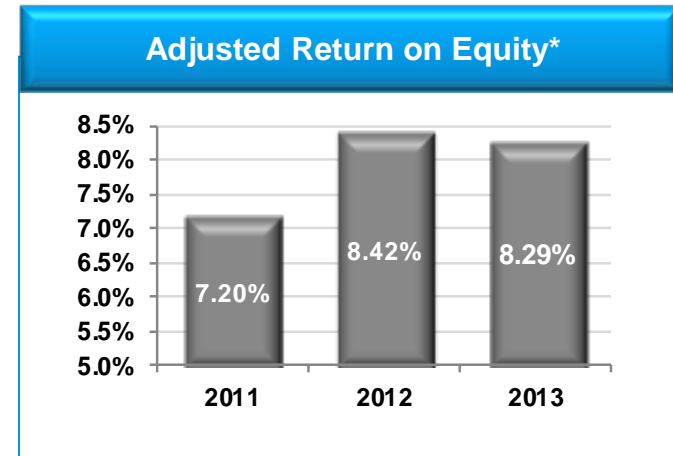
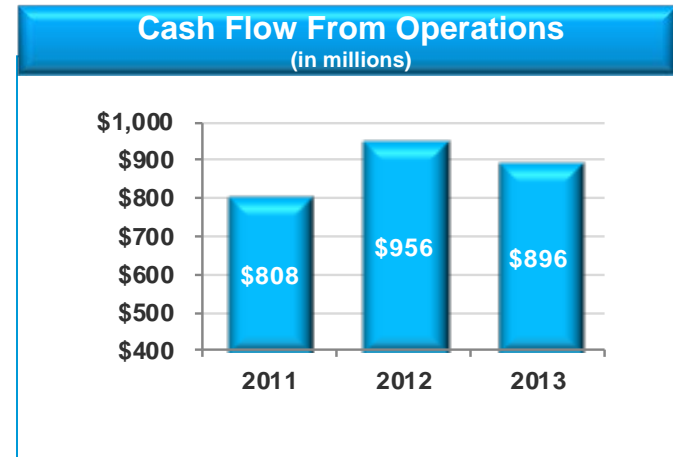
**Jeff Sterba**  
**President and Chief Executive Officer**

# West Virginia Event

## West Virginia Update

### Walter Lynch

# Summary Financial Performance



\* Adjusted Diluted Earnings Per Share and Adjusted Return on Equity reconciliation in appendix of presentation

# 2013: Our Goals Vs. Achievements

## ✓ Actively address regulatory lag that impacts return on our investments and promote constructive regulatory frameworks

- *Received authorizations for \$41.5 million in additional annualized revenues from general rate cases*
- *Granted \$49.2 million in additional annualized revenues from infrastructure charges, assuming normal usage patterns*
- *Awaiting final orders in three states totaling approximately \$58.4 million*
- *Numerous public policy objectives achieved to enable future growth and timely cost recovery*

## ✓ Continue O&M Efficiency Improvement

- *Improved Regulated O&M Efficiency Ratio in 2013 to 38.7<sup>(1)</sup>%*
- *2018 Stretch goal of Regulated O&M Efficiency Ratio of 35%*

## ✓ Efficient Use of our Capital

- *Invested approximately \$950 million in critical infrastructure and systems*
- *Realized over \$12M of savings from supply chain initiatives*

## ✓ Expand Markets and Develop New Offerings

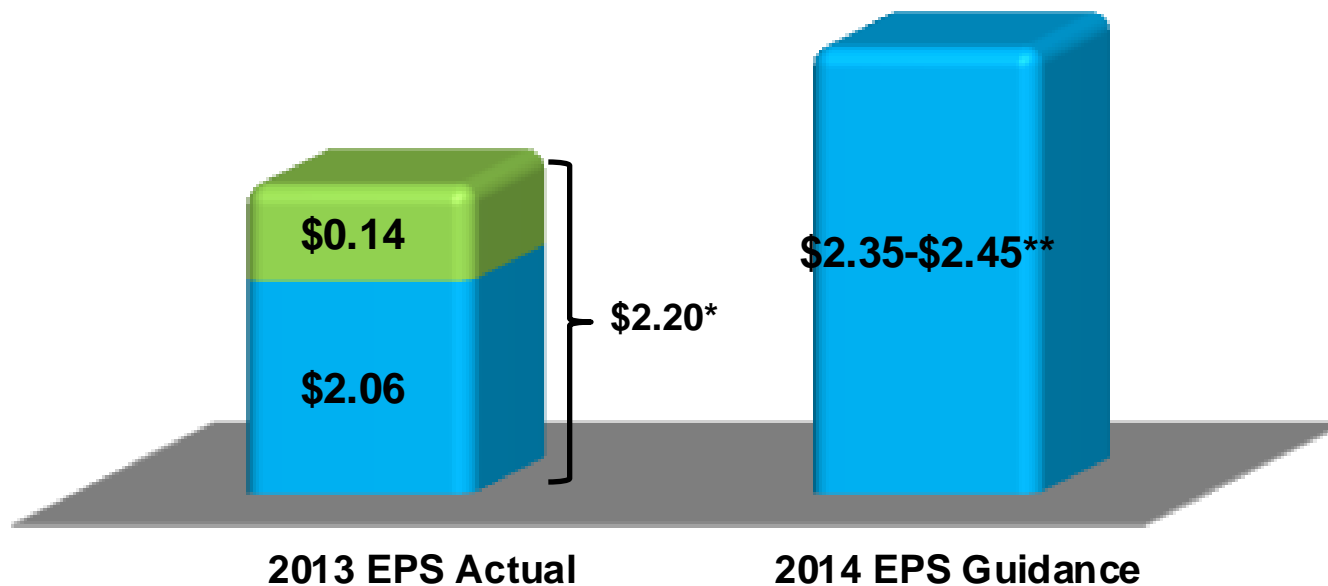
- *Acquired ten water systems and five wastewater systems adding approximately 30,000 new customers*
- *Homeowner services expanded into 10 additional states and Washington, D.C., selected by New York City Water Board and Nashville as official service line protection provider to homeowners*

(1) Non-GAAP measure see table in Appendix for calculation

February 2014

# 2014 Outlook: Reaffirm \$2.35 - \$2.45 Earnings per Share Range\*\*

## Adjusted Diluted EPS From Continuing Operations



**Long-Term EPS Growth Goal 7 – 10%**

**Notes:**

\* 2013 Earnings results exclude impact of debt tender offer of \$0.14 per share

\*\* 2014 EPS Guidance excludes the impact of Freedom Industries' chemical spill in West Virginia. The impact of the spill through February 26, 2014 is estimated to be \$0.02 per share.



**Susan N. Story**  
**Senior Vice President**  
**and Chief Financial Officer**

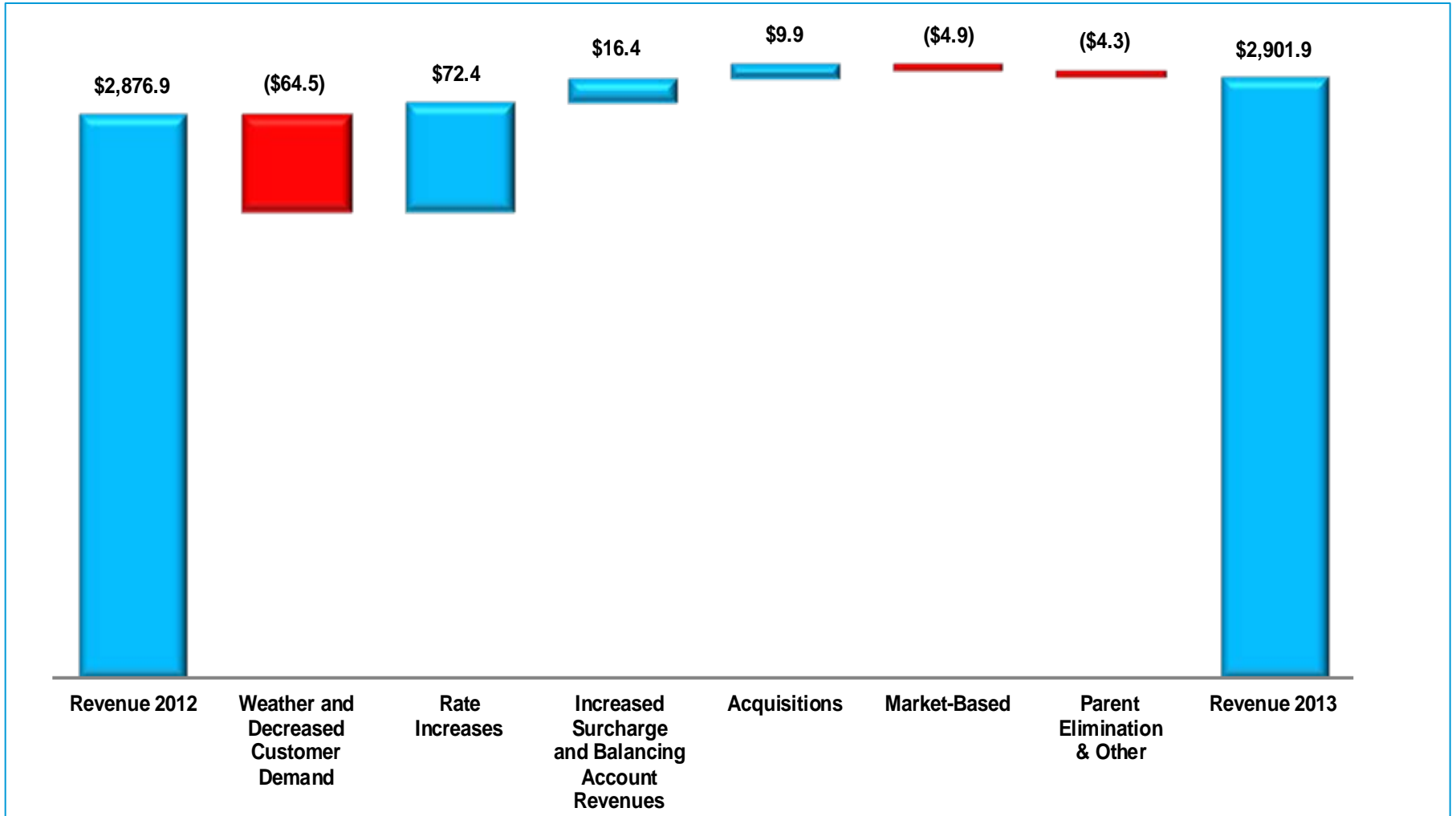
# 2013 Financial Results

| <i>(In thousands, except per share data)</i>                     | For the<br>Twelve Months Ended<br>December 31, |             |
|--|--|-------------|
|  | 2013   | 2012        |
| Revenue  | \$2,901,858                                    | \$2,876,889 |
| Operating Income   | \$945,849                                      | \$924,973   |
| Operating Income Margin %  | 32.6%  | 32.2%       |
| Net Income   | \$369,264                                      | \$358,070   |
| Income From Continuing Operations                                | \$369,264                                      | \$374,250   |
| Common dividends paid*   | \$149,450                                      | \$213,459   |
| Average common shares outstanding during the period: (Diluted)   | 179,056  | 177,671     |
| Adjusted Diluted Earnings per common share – from Continuing Ops | \$2.20   | \$2.11      |
| Diluted Earnings per common share – from Continuing Ops          | \$2.06   | \$2.11      |
| Cash flows from operating activities                             | \$896,162                                      | \$955,598   |

\* 2012 dividend payout includes accelerated dividend payment for first quarter of 2013, paid December 28, 2012

# 2013 Revenue Breakdown

(\$ in millions)



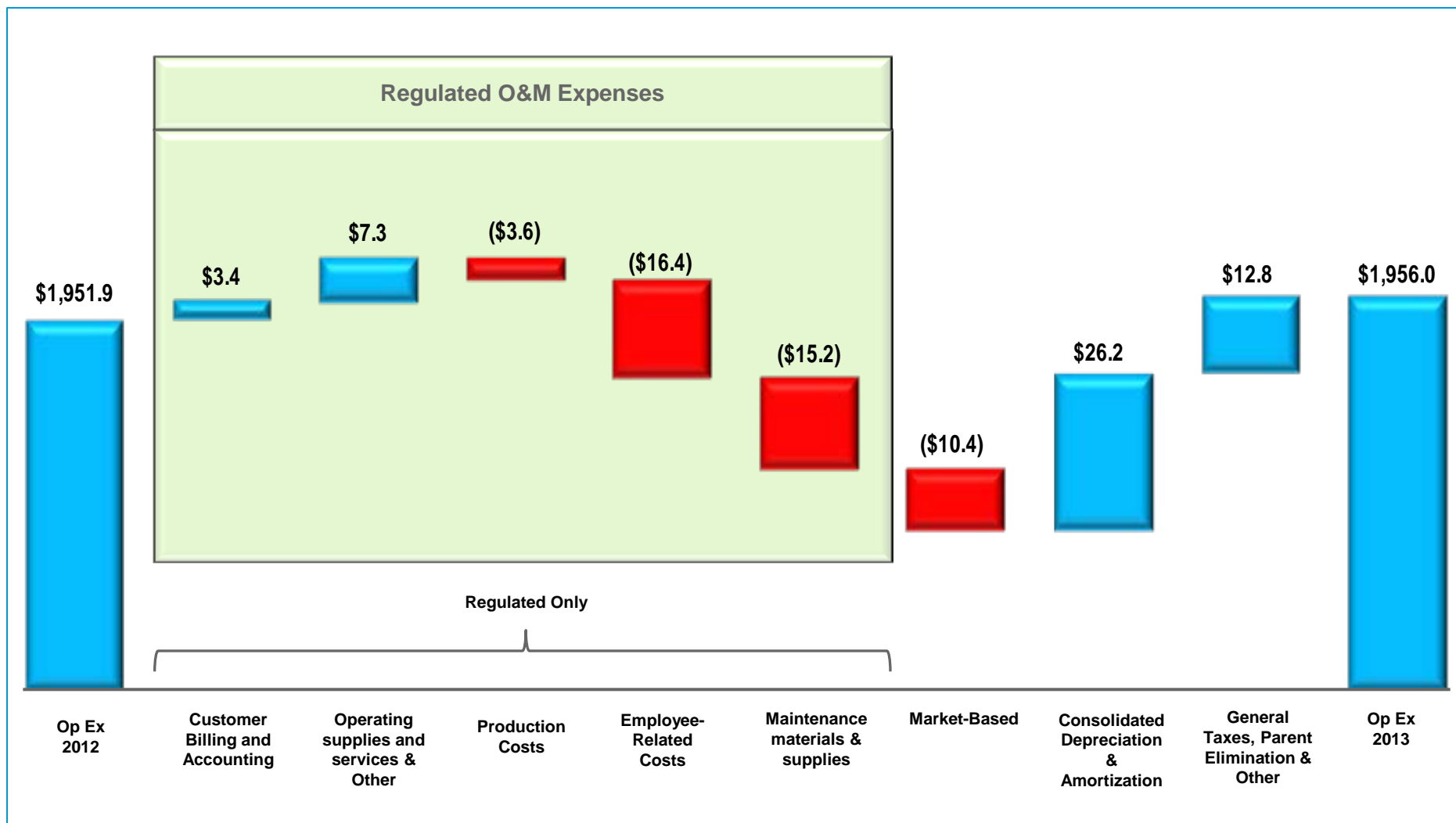
Notes:

(1) Amounts may not sum due to rounding

February 2014

# 2013 Operating Expense Breakdown

(\$ in millions)



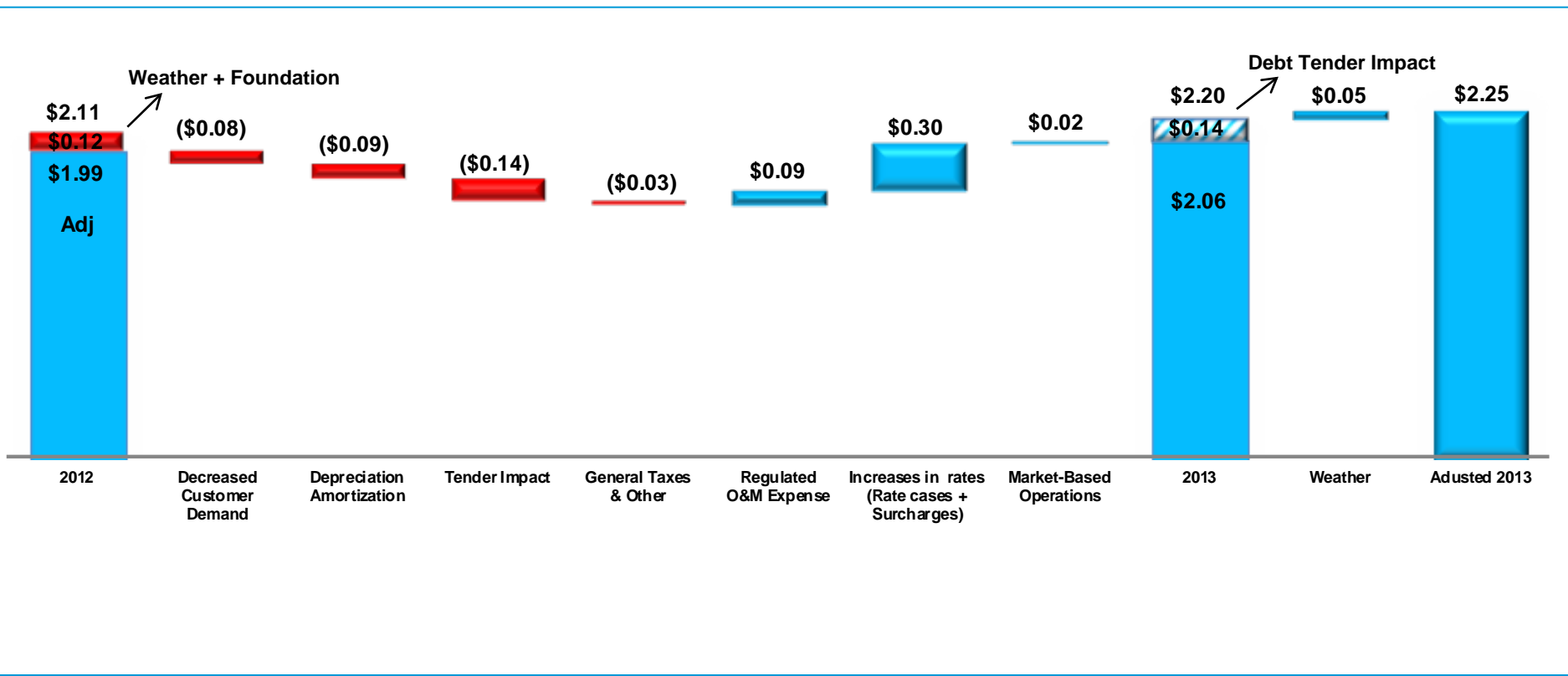
Notes:

- (1) Amounts may not sum due to rounding
- (2) Does not include impact due to debt tender offer

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# 2013 Earnings per Share Bridge

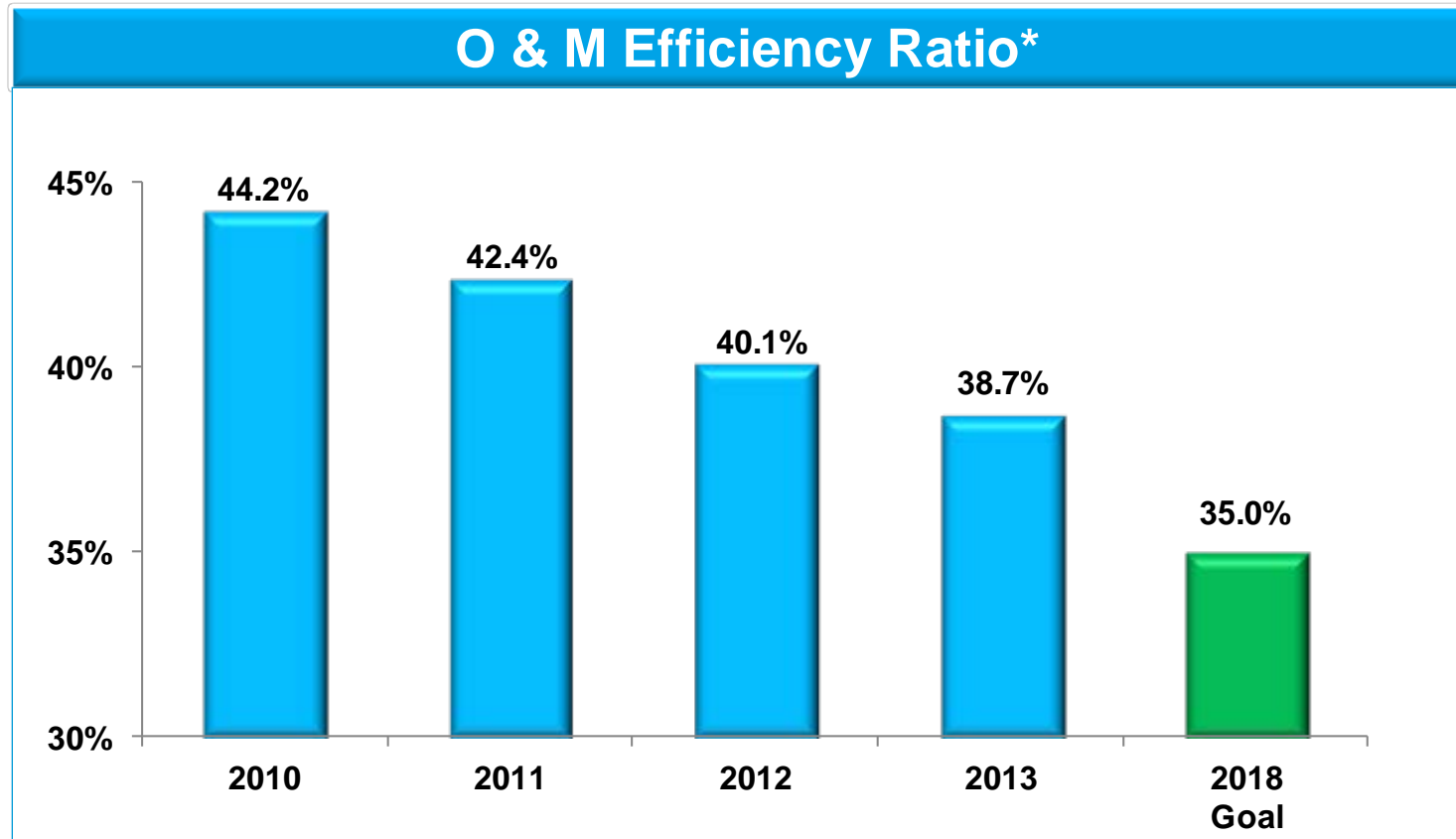
(Cents per common diluted share)



**Notes:**

- (1) Chart uses the midpoint of the ranges as the point of calculation
- (2) Amounts may not sum due to rounding.

# Regulatory Highlights: Regulated O&M Efficiency Ratio Reflects Continued Focus on Controlling Costs



\* Non-GAAP measure see Page 26 in Appendix for reconciliation

# Rate Cases Update

## Rate Cases Awaiting Final Order

### A. Rate Cases Filed in 2013

| Company    | Docket / Case Number   | Date Filed | Revenue Increase Filed | ROE Requested | Rate Base Filed  |
|------------|------------------------|------------|------------------------|---------------|------------------|
| Iowa       | Case No. RPU-2013-0002 | 4/30/2013  | \$6.4                  | (a)           | \$100.7          |
| California | Case No. A.13-07-002   | 7/1/2013   | 32.4                   | (b)           | 542.8            |
| Indiana    | Cause No. 44450        | 1/24/2014  | 19.6                   | 10.80%        | 867.4            |
|            |                        |            | <b>\$58.4</b>          |               | <b>\$1,510.9</b> |

### B. Infrastructure Charges Filed in 2013

|                      |                       |           |              |     |               |
|----------------------|-----------------------|-----------|--------------|-----|---------------|
| Tennessee (see note) | Docket No. 13-00130   | 10/4/2013 | \$0.5        | (c) | \$7.5         |
| New York (SIC)       | Case No. 11-W-0200    | 1/17/2014 | 0.7          |     | 4.2           |
| New York (SIC)       | Case No. 11-W-0200    | 1/31/2014 | 0.2          |     | 1.6           |
| Missouri (ISRS)      | Case No. WO-2014-0237 | 2/25/2014 | 3.1          |     | 26.8          |
|                      |                       |           | <b>\$4.5</b> |     | <b>\$40.1</b> |

### C. Step Increases

|            |                      |          |              |     |            |
|------------|----------------------|----------|--------------|-----|------------|
| California | Case No. A.10-07-007 | 1/1/2014 | \$2.3        | (d) | Final Step |
|            |                      |          | <b>\$2.3</b> |     |            |

## Rates Effective in 2013/2014

|                                  | Date Effective | Revenue Increase | Comments          |
|----------------------------------|----------------|------------------|-------------------|
| <b>D. Step Increases</b>         |                |                  |                   |
| California                       | 1/1/2013       | \$3.5            | 2nd Step Increase |
| Pennsylvania WW                  | 1/1/2013       | 2.6              | Final Step        |
| New York                         | 4/1/2013       | 1.4              | 2nd Step Increase |
|                                  |                |                  | <b>\$7.5</b>      |
| <b>E. Infrastructure Charges</b> |                |                  |                   |
| Pennsylvania (DSIC)              | 1/1/2013       | \$6.5            |                   |
| Pennsylvania (DSIC)              | 4/1/2013       | 2.9              |                   |
| Pennsylvania (DSIC)              | 7/1/2013       | 3.7              |                   |
| Pennsylvania (DSIC)              | 10/1/2013      | 6.7              |                   |
| Illinois (QIP)                   | 10/1/2013      | 0.5              |                   |
| Missouri (ISRS)                  | 6/21/2013      | 5.4              |                   |
| New Jersey (DSIC)                | 7/1/2013       | 4.0              |                   |
| Missouri (ISRS)                  | 12/14/2013     | 2.5              |                   |
| Indiana (DSIC)                   | 12/18/2013     | 3.9              |                   |
| New York (SIC)                   | 1/1/2014       | 0.9              |                   |
| New Jersey (DSIC)                | 1/1/2014       | 10.1             |                   |
| Illinois (QIP)                   | 1/1/2014       | 2.1              |                   |
|                                  |                |                  | <b>\$49.2</b>     |
| <b>F. Rate Cases</b>             |                |                  |                   |
| Michigan-non regulated           | 6/15/2013      | \$0.1            | (e)               |
| Kentucky                         | 7/27/2013      | 6.9              | (f)               |
| West Virginia                    | 10/11/2013     | 8.4              |                   |
| West Virginia WW                 | 10/11/2013     | 0.1              |                   |
| Pennsylvania                     | 1/1/2014       | 26.0             |                   |
|                                  |                |                  | <b>\$41.5</b>     |

(a) Iowa rates were increased on an interim basis, under bond and subject to refund, effective May 10, 2013 in the amount of \$2.7 million on an annual basis.

On February 4, 2014, the Iowa Utilities Board (IUB) held a verbal decision meeting that would allow our Iowa subsidiary a permanent annual base rate increase of \$3.9 million. The IUB does have the discretion to alter or reverse its position on the verbal decision in the final written order due on or before February 28, 2014.

(b) On May 1, 2013 a proposed application was filed in California, on July 1, 2013 we filed an update to that filing and submitted the final application requesting additional annualized revenue of \$33.5 million which includes a test year 2015 revenue requirement of \$18.5 million. It also includes increases in the escalation year 2016 and the attrition year 2017 of \$8.3 million and \$6.7 million, respectively. The rate base amount listed as filed is the average rate base for 2017.

On October 9, 2013, the Company filed an update to our final general rate case application adjusting the request to \$32.4 million of additional annualized revenues which includes a test year 2015 revenue requirement of \$18.1 million. It also includes increases in the escalation year 2016 and the attrition year 2017 of \$8.0 million and \$6.3 million, respectively.

(c) On October 4, 2013 TN filed for approval of a Qualified Infrastructure Investment Program Rider (QIIP) for \$381K, an Economic Development Investment Rider ("EDI") for \$86K and a Safety and Environmental Compliance Rider ("SEC") for \$55K, totaling \$522K. TN is also filing for approval of a Production Costs and Other Pass-Throughs ("PCOP") mechanism which cover over or under collection of authorized expenses for purchased power, chemicals, waste disposal, purchased water including wheeling charges, and the TRA inspection fee.

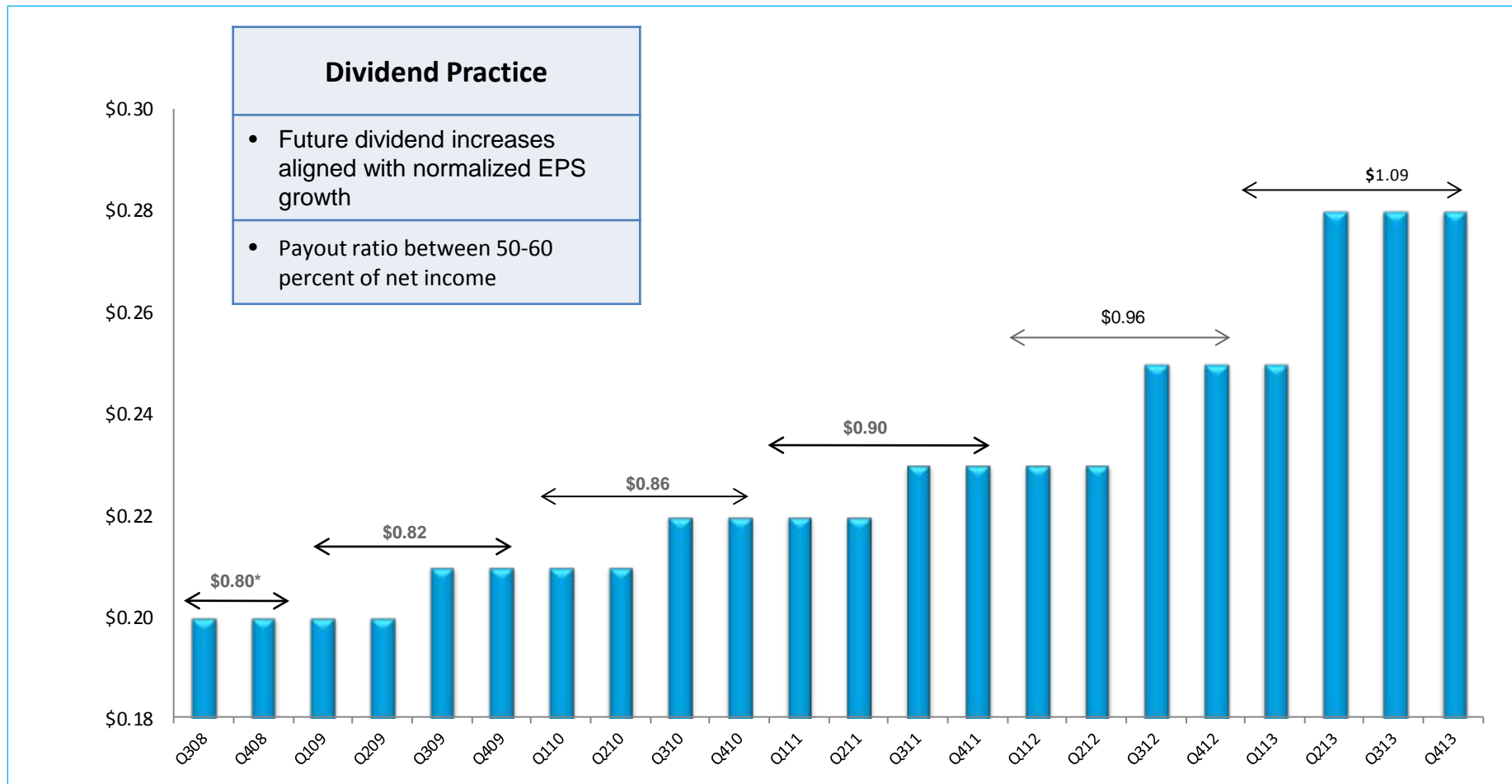
(d) Final step increase for the attrition year 2014 from the 2010 California GRC waiting for approval.

(e) Michigan rates are not regulated by a Public Service Commission. Written notification is given in advance of the increase to local government officials.

(f) Rates Under Bond were effective July 27, 2013 and received final Order October 25, 2013.

February 2014

# Dividend History: IPO - Current



## Period (Quarterly Dividends Paid)

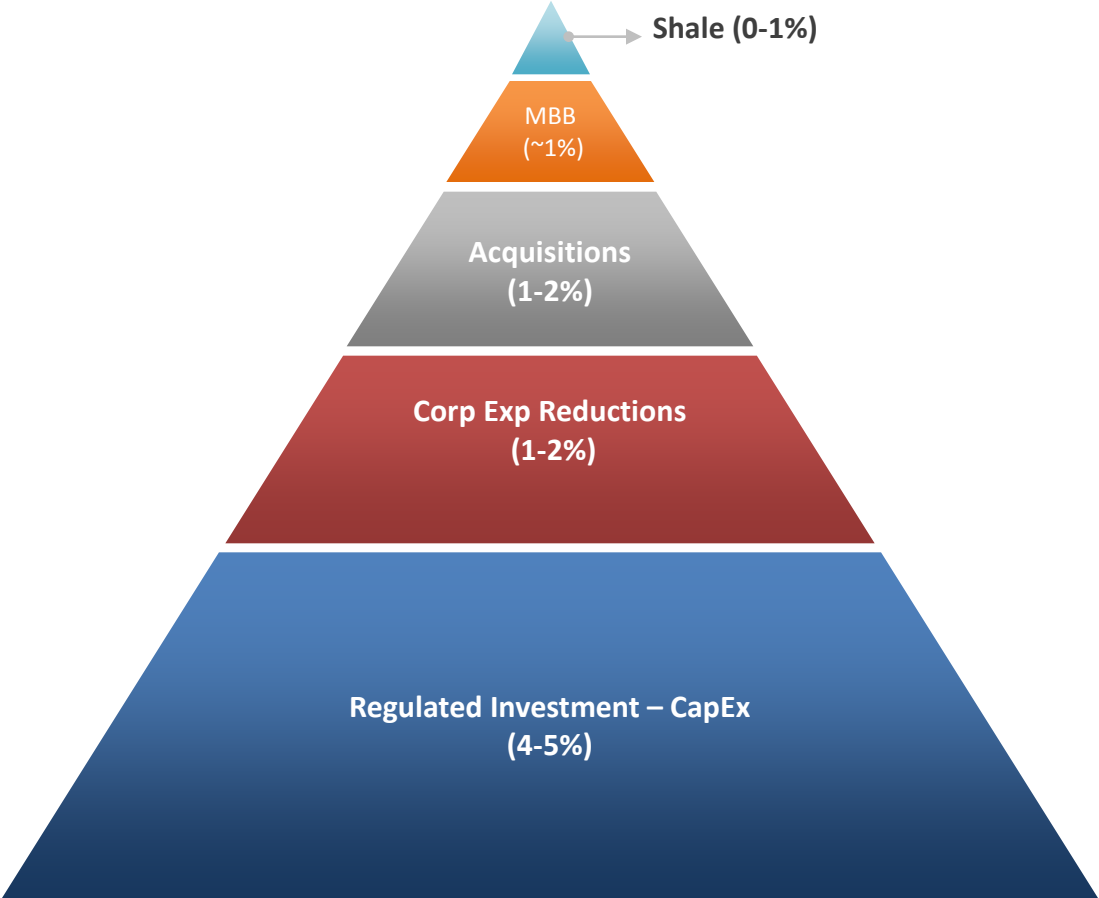
**On December 13, 2013 declared quarterly cash dividend per common share of \$0.28 payable on March 3, 2014 to all shareholders of record as of February 3, 2014**

Note:  
 \* Annualized dividend  
 • Q1 2013 dividend was paid in Q4 2012



# Our Growth Triangle: 2014 Guidance of \$2.35-\$2.45\*

7-10% LT EPS Growth



Note:

\* 2014 EPS Guidance excludes the impact of Freedom Industries' chemical spill in West Virginia. The impact of the spill through February 26, 2014 is estimated to be \$0.02 per share.

February 2014

# American Water 2014 Expectations

## You Can Hold Us Accountable For:

### **Optimize Capital Spend**

- *Efficient use of our regulated capex spend*
- *Prudent deployment of strategic capital*

### **Constructive Regulatory Frameworks**

- *Continue to reduce regulatory lag through constructive mechanisms*
- *Pursue completion of three (w&ww) rate cases*
- *Continue evaluation of appropriate timing for any additional rate case filings, pass-through mechanisms and forward-looking adjustments*

### **Continue O&M Efficiency Improvement**

- *Achieve Operations and Maintenance Efficiency Ratio equal to or below 35% by 2018*
- *Continue cost controls and expense management*

### **Execute Regulated Acquisition Strategy**

### **Continue growth in Market Based Business**

- *Homeowner Services and Military Services Group*
- *Shale*



**Investor Relations Contacts:**

**Ed Vallejo**  
Vice President – Investor Relations  
[Edward.vallejo@amwater.com](mailto:Edward.vallejo@amwater.com)

**Durgesh Chopra**  
Director – Investor Relations  
[Durgesh.chopra@amwater.com](mailto:Durgesh.chopra@amwater.com)



**Tel: 856-566-4005**  
**Fax: 856-782-2782**



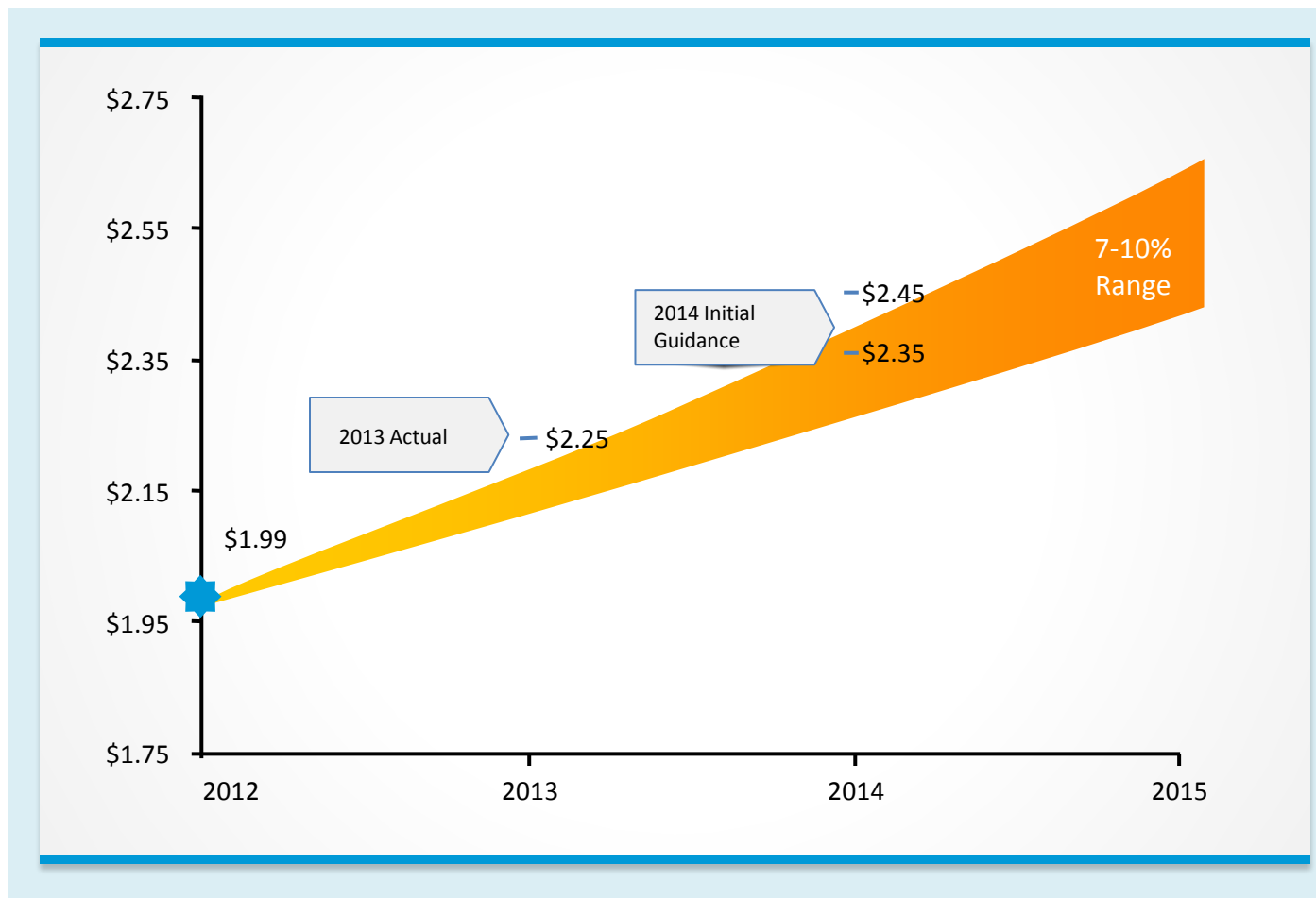
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## Appendix



## Our Long Term EPS Goal continues to be 7-10%













### Notes:

- Non-GAAP measures
- 2013 Actual is weather normalized, and excludes premium paid over par and other charges related to the recently announced debt tender offer by American Water's finance subsidiary, American Water Capital Corp., of its 6.085% Senior Notes due 2017. (See also Form 8-K filed on 9-10-13 and associated tender offer-related press releases)
- 2014 EPS Guidance excludes the impact of Freedom Industries' chemical spill in West Virginia. The impact of the spill through February 26, 2014 is estimated to be \$0.02 per share.

February 2014

# Regulated Utilities – Rate Base and Allowed Return on Equity

## Last Rate Case Awarded - Largest Regulated Subsidiaries

|                             | <br>CALIFORNIA<br>AMERICAN WATER | <br>ILLINOIS<br>AMERICAN WATER | <br>INDIANA<br>AMERICAN WATER      | <br>KENTUCKY<br>AMERICAN WATER | <br>MISSOURI<br>AMERICAN WATER      |
|-----------------------------|---|---|---|---|--|
| Authorized Rate Base*       | \$374,404   | \$706,386   | \$741,151 (b)   | \$384,729   | \$831,375 (b)  |
| Authorized ROE              | 9.99% (a)   | 9.34%   | 9.70%   | 9.70%   | 10.00%   |
| Authorized Equity           | 53.00% (a)  | 48.10%  | 42.02% (c)  | 44.70%  | 50.57% (e)   |
| Effective Date of Rate Case | 7/12/2012 (a)   | 10/1/2012   | 6/15/2012   | 10/25/2013 (d)  | 4/1/2012   |
|                             | <br>NEW JERSEY<br>AMERICAN WATER | <br>NEW YORK<br>AMERICAN WATER | <br>PENNSYLVANIA<br>AMERICAN WATER | <br>VIRGINIA<br>AMERICAN WATER | <br>WEST VIRGINIA<br>AMERICAN WATER |
| Authorized Rate Base*       | \$1,920,300   | \$128,882 (f)   | \$2,425,711 (b)   | \$119,254 (b)   | \$448,841 (b)  |
| Authorized ROE              | 10.15%  | 9.65% (f)   | 10.25% (g)  | 9.75%   | 9.90% (g)  |
| Authorized Equity           | 52.00%  | 42.00% (f)  | 51.69% (e)  | 42.67% (e)  | 45.23% (e)   |
| Effective Date of Rate Case | 5/1/2012  | 4/1/2012 (f)  | 1/1/2014  | 12/12/2012 (h)  | 10/11/2013   |

\*Rate Base stated in \$000s

### Notes:

- a) CA has a separate Cost of Capital case, A11-05-003, which sets the rate of return outside of a general rate proceeding.
- b) The Rate Base listed is the Company's view of the Rate Base allowed in the case, the Rate Base was not disclosed in the Order or the applicable settlement agreement.
- c) Regulatory capital structure includes cost-free items or tax credit balances at the overall rate of return which lowers the equity percentage as an alternative to the common practice of deducting such items from rate base
- d) Rates Under Bond were effective July 27, 2013 and received final Order October 25, 2013.
- e) The equity ratio listed is the Company's view of the equity ratio allowed in the case, the actual equity ratio was not disclosed in the Order or the applicable settlement agreement
- f) Information pertains only to the former company of Long Island American Water.
- g) The ROE listed is the Company's view of the ROE allowed in the case, the ROE was not disclosed in the Order or the applicable settlement agreement.
- h) Rates Under Bond were effective July 12, 2012 and received final Order December 12, 2012.

# Rate Base Calculation

| <b>Rate Base as of December 31, 2013<sup>(1)</sup></b>  |              |                    |
|---|--------------|--------------------|
| <b>(\$ in Thousands)</b>  |              |                    |
| Net Utility Plant   |              | \$12,244,359       |
| Less  |              |                    |
| Advances for Construction   |              | \$375,729          |
| CIAC – Contributions in Aid of Construction   |              | \$1,042,704        |
| Deferred income taxes   |              | \$1,822,088        |
| Deferred investment tax credits   |              | \$26,408           |
|   | Sub Total    | \$3,266,929        |
| <b>Rate Base</b>  | <b>TOTAL</b> | <b>\$8,977,430</b> |
| <p>(1) An approximation of rate base, which includes Net Utility Plant not yet included in rate base pending rate case filings/outcomes</p> |              |                    |

# Comparison of Water Sales Volume

| <u>Customer Class</u> | <u>Billed Water Sales Volumes</u><br>(In Millions of Gallons) |                |                |                   |
|-----------------------|---|----------------|----------------|-------------------|
|                       | For the years ended December 31,                              |                |                |                   |
|                       | <u>2013</u>   | <u>2012</u>    | <u>Change</u>  | <u>Percentage</u> |
| Residential           | 180,976   | 188,927        | -7,951         | -4.2%             |
| Commercial            | 80,392  | 84,226         | -3,834         | -4.6%             |
| Industrial            | 37,107  | 39,429         | -2,322         | -5.9%             |
| Public & Other        | 51,009  | 54,202         | -3,193         | -5.9%             |
| <b>Total</b>          | <u>349,484</u>  | <u>366,784</u> | <u>-17,300</u> | <u>-4.7%</u>      |

## Drivers for decrease in Sales Volume

- CIS Implementation:
  - CIS implementation in 2013, resulted in some cases in delayed billing and receivables. We expect our billing operations to be more normal as we progress into 2014
- Weather
  - Our 2013 results reflect the wetter, cooler weather conditions in 2013 as contrasted to the hot, dry weather conditions in 2012
- Declining Usage
  - Lower year over year demand primarily in residential and commercial class



# Reconciliation & Guidance :Earnings Per Share

|   | 2011          | 2012          | 2013 <sup>(1)</sup> | 2014E <sup>(2)</sup> |
|---|---------------|---------------|---------------------|----------------------|
| Diluted EPS from Continuing Operations                        | \$1.73        | \$2.11        | \$2.06              | \$2.35-\$2.45        |
| Adjustments:  |               |               |                     |                      |
| EPS impact of tender offer charge                             |               |               | \$0.14              |                      |
| <b>Diluted Adjusted EPS from Continuing Operations</b>        | <b>\$1.73</b> | <b>\$2.11</b> | <b>\$2.20</b>       | <b>\$2.35-\$2.45</b> |
| Adjustments:  |               |               |                     |                      |
| Weather (Mid Point of Range)                                  |               | \$(0.14)      | \$0.05              |                      |
| Foundation  |               | \$0.02        |                     |                      |
| <b>Weather normalized Dil. EPS from Continuing Operations</b> | <b>\$1.73</b> | <b>\$1.99</b> | <b>\$2.25</b>       | <b>\$2.35-\$2.45</b> |

- 1) Excludes premium paid over par and other charges related to the debt tender offer by American Water's finance subsidiary, America Water Capital Corp., for up to \$300 million of its 6.085% Senior Notes due 2017. (See also Form 10-Q for third quarter 2013, the 8-K filed on 9-10-13 and associated tender offer-related press releases)
- 2) 2014 EPS Guidance excludes the impact of Freedom Industries' chemical spill in West Virginia. The impact of the spill through February 26, 2014 is estimated to be \$0.02 per share.

# Reconciliation Table – Regulated O&M Efficiency Ratio

| Regulated O&M Efficiency Ratio<br>(A Non-GAAP Unaudited Number)  | For the Years Ended<br>December 31, |                    |                    |                    |
|--|-------------------------------------|--------------------|--------------------|--------------------|
|  | 2010                                | 2011               | 2012               | 2013               |
| <b>(\$ in thousands)</b>   |                                     |                    |                    |                    |
| Total Operations and Maintenance Expense                         | \$1,290,941                         | \$1,301,794        | \$1,350,040        | \$1,312,724        |
| Less:  |                                     |                    |                    |                    |
| Operations and Maintenance Expense –<br>Market Based Operations  | 256,633                             | 278,375            | 276,809            | 264,253            |
| Operations and Maintenance Expense – Other                       | (61,138)                            | (69,192)           | (56,755)           | (56,973)           |
| Total Regulated Operations and Maintenance Expense               | \$1,095,446                         | \$1,092,611        | \$1,129,986        | \$1,105,444        |
| Less:  |                                     |                    |                    |                    |
| Allocation of internal non-O&M costs to Regulated O&M expense    | 29,414                              | 30,590             | 35,067             | 34,635             |
| Regulated Purchased Water Expense                                | 99,834                              | 99,008             | 110,173            | 111,119            |
| <b>Adjusted Regulated Operations and Maintenance Expense (a)</b> | <b>\$966,198</b>                    | <b>\$963,013</b>   | <b>\$984,746</b>   | <b>\$959,690</b>   |
| Total Operating Revenues   | \$2,555,035                         | \$2,666,236        | \$2,876,889        | \$2,901,858        |
| Less:  |                                     |                    |                    |                    |
| Operating Revenues – Market Based Operations                     | 294,723                             | 327,815            | 330,329            | 325,463            |
| Operating Revenues – Other                                       | (25,344)                            | (30,470)           | (17,874)           | (17,523)           |
| Total Regulated Operating Revenues                               | \$2,285,656                         | \$2,368,891        | \$2,564,434        | \$2,593,918        |
| Less:  |                                     |                    |                    |                    |
| Regulated Purchased Water expense*                               | 99,834                              | 99,008             | 110,173            | 111,119            |
| <b>Adjusted Regulated Operating Revenues (b)</b>                 | <b>\$2,185,822</b>                  | <b>\$2,269,883</b> | <b>\$2,454,261</b> | <b>\$2,482,799</b> |
| <b>Regulated O&amp;M Efficiency Ratio (a)/(b)</b>                | <b>44.2%</b>                        | <b>42.4%</b>       | <b>40.1%</b>       | <b>38.7%</b>       |
| <b>Regulated O&amp;M Efficiency Ratio excluding weather</b>      |                                     |                    | <b>40.7%</b>       | <b>38.5%</b>       |

\*Calculation assumes purchased water revenues approximate purchased water expenses

# Reconciliation Table – Adjusted Return on Equity

| <b>Adjusted Return on Equity</b>                   |   |                  |                  |
|--|---|------------------|------------------|
| <b>(A Non-GAAP Unaudited Number)</b>               | <b>For the Twelve Months Ended December 31,</b> |                  |                  |
|  | <b>2011</b>                                     | <b>2012</b>      | <b>2013</b>      |
| <b>(\$ in thousands)</b>                           |   |                  |                  |
| Income from Continuing Operations                  | \$304,929                                       | \$374,250        | \$369,264        |
| Adjustments:                                       |   |                  |                  |
| Plus: Debt Tender offer 2013                       |   | -                | \$24,756         |
| <b>Adjusted net income</b>                         | <b>\$304,929</b>                                | <b>\$374,250</b> | <b>\$394,020</b> |
| Stockholders' equity                               | \$4,235,837                                     | \$4,443,268      | \$4,727,804      |
| Plus: Debt Tender offer 2013                       |   | -                | \$24,756         |
| Adjusted stockholders' equity, net of tax          | \$4,235,837                                     | \$4,443,268      | \$4,752,560      |
| <b>Adjusted Return on Equity</b>                   | <b>7.20%</b>                                    | <b>8.42%</b>     | <b>8.29%</b>     |
| <b>Adjusted Return on Equity excluding weather</b> |   | <b>7.89%</b>     | <b>8.45%</b>     |