Safe Harbor

This presentation includes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. They are not guarantees or assurances of any outcomes, financial results of levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation. The factors that could cause actual results to differ are discussed in the Appendix to this presentation, in our Annual Report on Form 10-K for the year ended December 31, 2018, and subsequent filings with the SEC, including our Form 10-Q for the quarter ended March 31, 2019, as filed with the SEC on May 1, 2019.

Non-GAAP Financial Information

This presentation includes non-GAAP financial measures. Further information regarding these non-GAAP financial measures, including a reconciliation of each of these measures to the most directly comparable GAAP measure, is included in the Appendix to this presentation.
CUSTOMER TRENDS
- Customers offered personalized services with minimal touch points
- Empathy considerations supersede transactional experience
- Seamless customer experience across the enterprise
- Proactive issue management is fundamental

TECHNOLOGY TRENDS
- AI & machine learning rapidly penetrate and disrupt many core enterprise functions
- High speed computing and integrated devices accelerate the pace of technological innovation
- Self optimizing, software defined business models drives competitive business advantage
- Robotics become mainstream

SOCIAL TRENDS
- Social networks dominate as the primary communication channel
- Community groups leverage social networks to advance targeted agenda (environment, water, education, etc.)
- Facts, opinions and “alternate facts” equally dominate social networks
- Heightened emotion about environmental and political policies

WORK EXECUTION TRENDS
- As aging work force retires, there will be less employees to execute workload
- Dynamic teams will replace fixed organization structures
- Work will be planned and executed, from perspective customers
- 30-50% of work will be automated

FINANCIAL TRENDS
- Technology enabled companies lead valuations
- Increasing market volatility and recession concerns
- ESG Principles increasingly mainstream

Trusted Source of Everything Water

The industry leader

- "Best in Class" execution of business fundamentals
- Highest in customer satisfaction
- Set the bar for water quality, water source monitoring, and water technology across US
- Proven and predictable financial performance and growth

We keep life flowing®
Commitment to Shareholders

Low Risk, Regulated Water Utility

- Decades of investment needed
- Line of sight to $8-$8.6 billion of 5 year capex
- Fragmented national water and wastewater landscape
- Capital-light MBBs leverage core competencies, increase customer experience, and generate cash

Demonstrated Execution of Strategy

- Five year Total Shareholder Return (2013 – 2018) of 140%
- Long-term growth expected in top half of 7-10%* target EPS CAGR guidance through 2023
- 2018 adjusted EPS near 9% growth
- “A” S&P credit rating reduces our cost of capital
- 23% improvement in O&M efficiency ratio since 2010
- Focus on capital efficiency

Commitment to Shareholders

- Five year dividend growth (2013-2018) CAGR of 10%
- 2019-2023 Dividend Growth at high end of 7-10%* EPS growth CAGR
- A leading Environmental, Social Responsibility and Governance investment

ESG

- Keeping employees safe and injury-free, and developing each person to his or her fullest potential
- Being a leader in environmental sustainability, caring for the planet, and leading the nation in outstanding water safety and quality
- Delivering the personalized customer service with empathy and care
- Making communities better because we’re there; and being transparent, accessible and well-governed for our shareholders and investors

* Anchored off of 2017 Adjusted EPS (a non-GAAP measure) - See appendix for reconciliation
Our Strategy Continues to Drive Growth

2019-2023 Plan
7-10%* EPS CAGR top half of range

Market Based Businesses 1-2%
Regulated Acquisitions 1-2%
Regulated Investment CAPEX 5-7%

Long-term Highlights

- Expected to deliver in top half of 7-10%* target EPS CAGR guidance through 2023
- Maintaining our estimated $8.0 - $8.6 billion five year capital investment
- Continuing improvement in O&M and Capital efficiency for customer affordability
- Growing our dividend at high end of targeted long-term 7 – 10%* EPS CAGR**
- No equity needed under current plan

*Anchored off of 2017 Adjusted EPS (a non-GAAP measure) - See appendix for reconciliation
**Subject to board approval
Regulated

- AW environmental leadership strengthened by nation wide interest in PFOS/PFOAs and Emerging Contaminants
- Enabling Legislation helps Business Development efforts
- Large rate cases resolved; weighted average authorized ROE remains at 9.8%

Market-Based

- HOS – increased Partnerships
- MSG – 7 RFPs outstanding; expect US government to award 3 bases by year end

Parent

- S&P company rating sustained: A*
- Moody’s company rating downgrade: Baa1*
- Issued $1.1 billion of notes in May 2019
  - $550m 10 yr. @ 3.45%
  - $550m 30 yr. @ 4.15%

* Neither of these ratings is a recommendation to buy, sell or hold securities. Each rating may be subject to revision or withdrawal at anytime, and should be evaluated independently of any other rating.
AMERICAN WATER

Investment Thesis
American Society of Civil Engineers Grades US Infrastructure

Waste Water Report Card
2017 Grade D+

Drinking Water Report Card
2017 Grade D

Not American Water pipes

Resiliency investments to manage climate variability

Approximately 50,000 water systems, 15,000 wastewater systems

By 2020, 44% of U.S. pipe infrastructure to be classified as poor, very poor, or life elapsed...

In USA, over 20%—or 2 trillion gallons—of treated water is lost each year...

900 billion gallons of untreated sewage is discharged every year into U.S. rivers, streams and other waterways...

Critical need for multi-decades of investment
To serve our *Regulated Customers*, we have...

**ASSETS**

as of December 31, 2018

- 51,000 miles of pipe
- 621 water treatment plants
- 1,000 wells
- 130 wastewater facilities
- 1,300 water storage facilities
- 1,400 pumping stations

≈5,900

Regulated Employees

15 Scientists

With PhDs

Our customers pay < $0.01 per gallon on average
Diversity gives us **Key Competitive Advantages**

National regulated footprint provides **regulatory and geographic diversity**

- CA & HI
- MIDWEST
- SOUTHEAST
- MID- ATLANTIC
- EASTERN
Our Investments ensure safe, reliable, affordable water & wastewater services for our customers

2019 - 2023 Average Regulated Capital Expenditures by Purpose

- Infrastructure Renewal: 62%
- Resiliency: 9%
- System Expansion: 8%
- Other: 8%
- Water Quality: 7%
- Operational Efficiency, Technology & Innovation: 6%

2019 Total Capital Plan: $1.7 – $1.8 billion

- Regulated System Investments: $7.3 billion
- Regulated Acquisitions: $0.6 – $1.2 billion
- Other: $0.1 billion

2019 - 2023 Average Total Capital Plan: $8.0 – $8.6 billion

- Our pipe renewal rate has improved to a 120 year replacement cycle, and anticipate to replace nearly 2,000 miles of mains & collection pipes between 2019 - 2023.

Multi-decade long need for infrastructure investment
Regulated O&M Efficiency Ratio*

<table>
<thead>
<tr>
<th>Year</th>
<th>Efficiency Ratio</th>
</tr>
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<tbody>
<tr>
<td>2010</td>
<td>46.1%</td>
</tr>
<tr>
<td>2012</td>
<td>41.0%</td>
</tr>
<tr>
<td>2014</td>
<td>39.1%</td>
</tr>
<tr>
<td>2016</td>
<td>36.6%</td>
</tr>
<tr>
<td>2018</td>
<td>35.6%</td>
</tr>
<tr>
<td>2019 LTM</td>
<td>35.5%</td>
</tr>
</tbody>
</table>

* Non-GAAP Measure – See appendix for reconciliation. O&M Efficiency Ratio = Adjusted Regulated O&M Expenses (O&M Expenses is most comparable GAAP measure) / Adjusted Regulated Operating Revenues (Operating Revenues is most comparable GAAP measure).

This calculation assumes purchased water revenues approximate purchased water expenses and 2010–2016 adjusted for T CJA.

** This calculation assumes purchased water revenues approximate purchased water expenses. Ratios for 2010-2016 have been presented on a pro forma basis to reflect the impact of the Tax Cuts and Jobs Act as if enacted as of the beginning of each period presented.

Adjusted Operation and Maintenance Expenses* ($ in millions)

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<thead>
<tr>
<th>Year</th>
<th>Expenses</th>
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<tr>
<td>2010</td>
<td>$966</td>
</tr>
<tr>
<td>2012</td>
<td>$980</td>
</tr>
<tr>
<td>2014</td>
<td>$943</td>
</tr>
<tr>
<td>2016</td>
<td>$948</td>
</tr>
<tr>
<td>2018</td>
<td>$1,015</td>
</tr>
<tr>
<td>2019 LTM</td>
<td>$1,020</td>
</tr>
</tbody>
</table>

2010-2019 LTM 0.6% CAGR

2023 Target 31.5%**
Timely Recovery through regulatory mechanisms

2019-2023 Capital Plan (average)

- 57% Infrastructure Surcharge Mechanisms (32%)
- 43% Traditional Recovery
- Forward test years (25%)
Timely Recovery of Revenues, Expense, and Investment Mechanisms Supports Our Customers

Regulatory Mechanisms Across Our Footprint

Revenue Stability Mechanisms
Utility Plant Recovery Mechanisms
Future Test Years
Expense Mechanisms
Infrastructure Replacement Surcharges
Consolidated Tariffs
Highly Fragmented Water Industry Creates Opportunity

American Water footprint
- Ideal fit for industry consolidation opportunities
- Target 3K-30K customer connections per acquisition
- Wastewater focus (AWK customer connections mix – 94% water & 6% wastewater)

Electric Utilities

Water Utilities

Highly fragmented industry

Electric Utilities Source: Form EIA-861 detailed data files www.eia.gov/electricity/data/eia8
Water Utilities Source: EPA SDWIS Federal Reports Search www3.epa.gov/enviro/facts/sdwis
State Legislation Across our Footprint Enables Opportunities

- Fair market value
- Water Quality Accountability
  - Bi-partisan: Passes unanimously in the IN Senate & Assembly

Pennsylvania
- Fair market value (Act 12)
- Water & wastewater revenue requirement consolidation (Act 11)

New Jersey
- Fair market value
- Water Quality Accountability Act
  - Bi-partisan: Passes unanimously in the NJ Senate & Assembly

Maryland
- Fair market value

Virginia
- Water rate consolidation
- Wastewater rate consolidation

- Consolidation/Regionalization

California
- Fair market value

Missouri
- Fair market value

Illinois
- Fair market value

Iowa
- Fair market value

Indiana
- Fair market value

Kentucky
- Consolidation/Regionalization

- Fair market value
We actively pursue acquisitions using a **Disciplined Approach**

**American Water Acquisitions**

**From 2015-2019** 70 ***closed deals in 10 states  
≈110,000 Customer connections

- More than 50,000 Community Water & about 15,000 Wastewater Systems*
- Opportunities over 5 years ≈500,000
- Regulatory & Legislative climate
- 10,000 systems serving >3,000 customers

*The number of water systems are available on the United States Environmental Protection Agency website and number of wastewater systems are included in the 2017 infrastructure report card.  
**Excludes organic growth customer connections.  
***Closed water and wastewater deals counted as separate transactions and includes for 2019 8 closed systems as of June 21, 2019.
Regulated Acquisitions Update

Signed & Pending ≈ 64,100* Customer Connections

- 28 Signed/Pending Systems
- CA: 6
- PA: 6
- MO: 1
- IN: 2
- HI: 1
- WV: 2
- IL: 9
- NJ: 1

2019 Closed ≈ 5,340** Customer Connections

- Charlestown, IN Water
- Sadsbury Township, PA Wastewater
- North Middletown, KY Water & Wastewater
- Timber Springs, MO Wastewater

* This includes the Alton, IL acquisition, which represents 23,000 customer connections, due to bulk contracts. Connections to the system will be approximately 11,000

** As of 6/21/2019

2019 Highlights

- Sadsbury Township, PA Wastewater
- Timber Springs, MO Wastewater
Market-Based Businesses provide **Strategic Value**

**Portfolio optimization leads to 3 capital light, cash flow positive business lines**

**HOS**
- Fastest growing market base businesses
- Pivotal integration proceeding well
- 3.0 million contracts serving 1.5 million customers
- Capital light, cash flow positive
- 9 point increase in customer satisfaction

**MSG**
- 14 bases in current footprint
- Opportunity for infrastructure upgrades on existing bases
- Capital light, cash flow positive

**Keystone**
- Focus on water transfer only
- Capital light, cash flow positive

**Drives better customer services**
**Build relationships and positive branding**
**Leverages core competencies**
**Attracts talent**

20
American Water ESG Philosophy:

Companies Do Well by Doing Good

Values matter

The “how” is just as important as the “what” for long-term financial sustainability

Water is the most precious resource for life. We aren’t just a water utility; we’re in the health and safety business

Being committed to ESG principles means

• Keeping employees safe and injury-free, and developing each person to his or her fullest potential
• Being a leader in environmental sustainability, caring for the planet, and leading the nation in outstanding water safety and quality
• Delivering the best, most personalized customer service with empathy and care
• Making communities better because we’re there; and being transparent, accessible and well-governed for our shareholders
### Energy Use

- **GHG emissions**: Goal of reducing 40% by 2025 from 2007 baseline, after achieving 31% reduction through 2017
- **Design for efficiency**: enhanced pump, lighting and process design standards
- **Construct for efficiency**: sustainable construction standards and methods
- **Operate for efficiency**: enhanced best operating practices, leak detection and repair procedures
- **Maintain for efficiency**: computerized maintenance management systems and preventive maintenance systems

### Water Use

- **San Clemente dam**: Deconstruction to restore “run of river”
- **Monterey Peninsula Water Supply Project**: Recycling, reuse and desalination using marine life friendly slant wells
- **Customer conservation**: Proactive measures in 8 of our states
- **Recycle and reuse**: 3.5 billion gallons per year

### Water Policy Leadership

- **Capital investment**: Expect 5 year $8.0 billion to $8.6 billion total capital investment to address aging infrastructure, reduce/eliminate leaks, improve cyber/physical security, and increase resiliency of critical assets due to climate variability
- **Research & Development**: 15 scientists dedicated to research and partnering with water research foundations, on water quality and technology-water source monitoring
- **Collaboration**: EPA, CDC, state DEPs and other agencies to support effective environmental, health and safety, and water quality standards and regulations
### Our People

- **Training**: During 2018, nearly 80,000 hours of annual employee safety training
- **Employee engagement**: Frequent surveys with formalized employee action teams
- **Frontline employees**: driving technology development
- **Union representation**: As of December 31, 2018, 49% of workforce in jobs represented by unions
- **Diverse job candidate pools**: During 2018, 86% of job requisitions had a diverse candidate pool, with more than 50% of transfers/promotions filled by minority, female, veteran or disabled individuals
- **Culture**: Diverse, inclusive culture characterized by respect and dignity of every employee

### Our Customers

- **Customer data protection**: we do not share or sell personal customer data
- **Technology development**: ensuring a personalized positive experience
- **Customer satisfaction**: Top Quartile in the water industry
- **Online communities as of 05/2019**:
  - 6,296,008 views
  - 76,387 fans
  - 39,052 followers
  - 16,083 followers

### Our Communities

- **Community service**: More than 5,000 hours in 2018 for company-sponsored events
- **Charity support**: Sponsored national workplace giving campaigns with the United Way and Water For People, as well as supporting our employees’ own charitable endeavors through the American Water Charitable Foundation
- **American Water Charitable Foundation**:
  - Union sportsmen’s alliance projects
  - Parks partnerships projects
  - Employee match program

### Social Responsibility

- 76,387 fans
- 39,052 followers
- 16,083 followers
Board & Committee Structure

- **Ensuring independence**: board is led by an independent, non-executive chair.
- **Safety, Environmental, Technology, Operations (SETO)** Board Committee.
- **Engaging board sufficiently**: board met 13 times in 2018.
- **Board engages directly with front-line employees**: Off-site board meetings twice a year, external stakeholder receptions, dinners and meetings with “high potential” leaders periodically.
- **Engaging investors**: robust program for management and board engagement.

Diverse

- **50% female board members as of May 2019**.
- **3 of 8 directors <4 years on board as of March 2019**.

Demonstrated & Representative Expertise

- **Utility experience and expertise**.
- **Internationally recognized cyber security expert**.
- **Financial expertise**.
- **Retired CEO experience**.
- **Operational and manufacturing experience and expertise**.
- **Global experience**.
American Water commits to further diversity in leadership through a partnership with Paradigm for Parity

American Water awards grants to local firefighters to support the safety of local communities

West Virginia American Water’s Kanawha Valley Plant Wins 1st Place in the WV-AWWA Tap Water Taste Test

“American Water Receives 9 Directors Awards from the EPA’s Partnership for Safe Water for Excellence in Water Quality”

Philadelphia Inquirer Lists American Water as a Top-ranked Company on Diversity, Governance & Transparency

United Way Awards American Water Employees the ‘Leading the Way Award’ for generosity

American Water earns 2019 Military Friendly® Bronze Employer designation

Peter Drucker Institute & Wall Street Journal Management Top 250 has American Water as the highest ranked utility company

American Water employees contribute 4,800 volunteer hours across U.S. during month of service

Young artists earn funds for their schools through Illinois American Water’s “Imagine a Day Without Water” art contest

Environmental Business Journal Recognizes American Water for Business Achievement

Doing Well while Doing Good

New in 2019

• #23 on Barron’s 100 Most Sustainable Companies; Highest ranked Utility
• Bloomberg Gender Equality Index
• Top 100 Best for Vets Employers by Military Times

#23 on Barron’s 100 Most Sustainable Companies; Highest ranked Utility
Bloomberg Gender Equality Index
Top 100 Best for Vets Employers by Military Times

Doing Well while Doing Good
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Ralph Jedlicka  
Director, Investor Relations  
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Certain statements in this presentation including, without limitation, with respect to dividend growth guidance; the outcome of pending or future acquisition activity; the amount and allocation of future capital investments and expenditures; estimated revenues and regulatory recovery from rate cases and other governmental agency authorizations; estimates regarding our projected rate base, growth, results of operations and financial condition; our projected regulated operation and maintenance efficiency ratio; macro trends; our ability to execute our business and operational strategy; and projected impacts of the Tax Cuts and Jobs Act (the “TCJA”), are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "shall" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on our current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results of levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation as a result of the factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2018, and subsequent filings with the SEC, including our Form 10-Q for the quarter ended March 31, 2019, as filed with the SEC on May 1, 2019, and because of factors including, without limitation: the decisions of governmental and regulatory bodies, including decision making, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the Federal securities laws. Furthermore, it may not be possible to assess the impact of any such factor on our businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

These and other forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors and cautionary statements included in our annual and quarterly SEC filings, and readers should refer to such risks, uncertainties, risk factors and statements in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this presentation. We do not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the Federal securities laws. Furthermore, it may not be possible to assess the impact of any such factor on our businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.
We are the Largest and Most Geographically Diverse Water Utility in the United States

American Water customer connections mix – 94% water & 6% wastewater
Growth supported by a Strong Balance sheet with No Equity Needed under 2019 – 2023 Investment Plan

Estimated Cash Flow Impact from TCJA Turns Positive by 2022
(from original estimate on February 21, 2018)

$ in millions

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
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<tbody>
<tr>
<td>($50)</td>
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<td>($100)</td>
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<td>($150)</td>
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<td>($200)</td>
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<td>($250)</td>
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</table>

Denotes marginal improvement

Debt to Total Capital Ratio** Improved

<table>
<thead>
<tr>
<th></th>
<th>59% Actual</th>
<th>61-62% Estimated</th>
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<tbody>
<tr>
<td>Year End 2018</td>
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<td>Year End 2023 E</td>
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S&P Utility Credit Rating*

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<tr>
<th>Rating</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tr>
<td>BB (+/-)</td>
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<td>11</td>
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<td>BBB (+/-)</td>
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<td>A-</td>
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</table>

Moody’s Utility Credit Rating*

<table>
<thead>
<tr>
<th>Rating</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<td>A3</td>
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<tr>
<td>A2</td>
<td>1</td>
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</table>

*Population of 28 companies representative of the overall utility sector as determined by American Water. Neither of these ratings is a recommendation to buy, sell or hold securities. Each rating may be subject to revision or withdrawal at anytime, and should be evaluated independently of any other rating.

** Based on $8.0 to $8.6 Billion CapEx Range and includes both long term and short term debt.
Creating Shareholder Value

**Total Shareholder Return (Price + Dividend) as of 3/31/2019**

<table>
<thead>
<tr>
<th></th>
<th>One Year</th>
<th>Three Year</th>
<th>Five Year</th>
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<tbody>
<tr>
<td>American Water</td>
<td>29.6%</td>
<td>60.8%</td>
<td>156.3%</td>
</tr>
<tr>
<td>UTY Index</td>
<td>19.7%</td>
<td>31.3%</td>
<td>68.1%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>9.5%</td>
<td>46.2%</td>
<td>67.7%</td>
</tr>
</tbody>
</table>

**Dividend Growth**

- **Adjustment on Equity (includes both Regulated and Market-based Businesses)** is a non-GAAP measure. Please see reconciliation table in appendix.
- Future dividends are subject to approval of the American Water Board of Directors.
- Anchored of 2014 dividends paid.
- Anchored of 2017 Adjusted EPS (a non-GAAP measure).
American Water’s EPS growth is in the upper quartile vs electric and gas utilities.

2014 - 2018 EPS Compounded Annual Growth Rate (CAGR)

Source: Wells Fargo Securities, LLC estimates and FactSet
### Historical View of Debt/Capitalization ratio

#### Consolidated debt maturity profile 5 years as of December 31, 2018

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
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<td>2021</td>
<td>$304</td>
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<td>2022</td>
<td>$25</td>
</tr>
<tr>
<td>2023</td>
<td>$162</td>
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</tbody>
</table>

### Debt/Capitalization ratio over time

- **Dec. ‘13**: 55%
- **Dec. ‘14**: 55%
- **Dec. ‘15**: 56%
- **Dec. ‘16**: 58%
- **Dec. ‘17**: 59%
- **Dec. ‘18**: 59%

Timely Recovery of Revenues, Expense, and Investment Mechanisms Supports Our Customers

16 New Regulatory Mechanisms Across Our Footprint Since 2010

Revenue Stability Mechanisms
- CA
- IL
- NY

Utility Plant Recovery Mechanisms
- CA
- IL
- KY
- NY

Future Test Years
- CA
- HI
- IA
- IN
- VA

Expense Mechanisms
- CA
- IL
- KY
- NY

Infrastructure Replacement Surcharges
- IA
- NY
- PA
- TN
- VA

Consolidated Tariffs
- CA
- MD
- VA

As of 2010

As of 12/31/2018

As of 2010
Homeowner Services Group... Organized around Our Customers and delivering value to Our Regulated partners

**Increased satisfaction** of regulated customers 9 point increase on average

**Free Cash Flow** for increased capital investment

**2018 Partnership Wins**
- Philadelphia
- Ft. Wayne
- San Francisco
- Toledo
- Pinellas Co., FL

**HOS + Pivotal provide**

**Scale**
From 0.9M to 1.5M customers

**Diversifies Product Suite**
Predominantly water & sewer, expanded utility service lines + HVAC

**New Utility Partnership Opportunities**
## Military Services Group – “Regulated like”

<table>
<thead>
<tr>
<th>Contract</th>
<th>State</th>
<th>Years Remaining As of 12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Sill</td>
<td>OK</td>
<td>34</td>
</tr>
<tr>
<td>Fort Leavenworth</td>
<td>KS</td>
<td>35</td>
</tr>
<tr>
<td>Fort Rucker</td>
<td>AL</td>
<td>35</td>
</tr>
<tr>
<td>Fort AP Hill</td>
<td>VA</td>
<td>39</td>
</tr>
<tr>
<td>Scott AFB</td>
<td>IL</td>
<td>39</td>
</tr>
<tr>
<td>Fort Hood</td>
<td>TX</td>
<td>40</td>
</tr>
<tr>
<td>Fort Polk</td>
<td>LA</td>
<td>40</td>
</tr>
<tr>
<td>Fort Belvoir</td>
<td>VA</td>
<td>41</td>
</tr>
<tr>
<td>Fort Meade</td>
<td>VA</td>
<td>42</td>
</tr>
<tr>
<td>Hill AFB</td>
<td>UT</td>
<td>46</td>
</tr>
<tr>
<td>Picatinny Arsenal</td>
<td>NJ</td>
<td>46</td>
</tr>
<tr>
<td>Vandenberg AFB</td>
<td>CA</td>
<td>47</td>
</tr>
<tr>
<td>Wright-Patterson AFB</td>
<td>OH</td>
<td>49</td>
</tr>
<tr>
<td>Fort Leonard Wood</td>
<td>MO</td>
<td>50</td>
</tr>
</tbody>
</table>
As of 12/31/2015
$10.0

As of 12/31/2016
$10.7

As of 12/31/2017
$11.7

As of 12/31/2018
$12.5

As of 3/31/2019
$12.7

Estimated Rate Base

<table>
<thead>
<tr>
<th>As of 3/31/2019</th>
<th>Net Utility Plant</th>
<th>Less</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$17.3</td>
<td>$0.2</td>
</tr>
</tbody>
</table>

Advances for Construction
CIAC – Contributions in Aid of Construction
Net Deferred income taxes (c)

Total Estimated Rate Base

≈7-8% (d)
Expected Rate base
CAGR through 2023

(a) An approximation of rate base, which includes Net Utility Plant not yet included in rate base pending rate case filings/outcomes
(b) Correction from previous 2018 year end calculation
(c) INCLUDES the regulatory liability established to normalize the impact of tax rate changes under the Tax Cuts and Jobs Act
(d) Anchored off of 2017 rate base
Prudent Investment Drives Need for Rate Cases

Establish Rate Base $\times$ Weighted Average Cost of Capital = Allowed Return

Allowed Return + Operating Expenses + Taxes, Depr & Amortization = Revenue Requirement

American Water has experience in securing appropriate rates of return and promoting constructive regulatory frameworks.
Saving $1 in OpEx vs investing $8 in capital at allowed ROE, Keeps customer rates neutral and can create $0.39 in sustainable earnings

<table>
<thead>
<tr>
<th></th>
<th>$1 Expense Savings</th>
<th>~$8 Invested Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Revenue Requirement Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O&amp;M</td>
<td>0.96</td>
<td>$ -</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>$ 0.20</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-</td>
<td>$ 0.19</td>
</tr>
<tr>
<td>Property &amp; General Taxes</td>
<td>0.04</td>
<td>$ 0.08</td>
</tr>
<tr>
<td><strong>b) Total Expenses</strong></td>
<td>1.00</td>
<td>$ 0.47</td>
</tr>
<tr>
<td><strong>c) Operating Income (=a-b)</strong></td>
<td>-</td>
<td>$ 0.53</td>
</tr>
<tr>
<td><strong>d) Federal &amp; State Income Taxes</strong></td>
<td>-</td>
<td>$ 0.14</td>
</tr>
<tr>
<td><strong>e) Net Income to Shareholder (=c-d)</strong></td>
<td>$ -</td>
<td>$ 0.39</td>
</tr>
</tbody>
</table>

1 Assumes 4% taxes on revenue (gross receipts e.g.)
2 Assumes 2.5% depreciation expense
3 Assumes debt financing at 4.9%
4 Assumes property taxes on invested capital of 0.5% and revenue taxes of 4%
5 Assumes effective income tax rate of 26.1%, based on federal tax rate of 21%
6 Assumes authorized weighted average ROE of 9.8%
2018 Capital Intensity in the Utility Sector
Net Plant / Revenue

Water: AWX, AWR, WTR, ARTNA, CWTS, MASEL, SW, YORW
Gas: GAS, ATO, JGAS, EGAS, LG, NFG, NR, NWN, PM, STR, RIGCO, SII, SWX, UGI, WGL
Electric and Gas: LNT, AEE, AVA, BKH, CNP, CPX, CMS, ED, DTÉ, DUK, ETE, EXC, TEG, MDU, MGE, NI, NU, NW, POM, PCG, PEG, SJC, SRE, TE, UIL, UTI, VVC, WEC, XEL
Electric: ALE, AEP, CNI, EX, EE, FE, GXP, HE, IDA, NEE, OGE, OTTR, PW, PM, POR, PPL, SO, WR

Source 2018 Data: Bloomberg

Capital Intensity
### Rate Cases & Step Increases

<table>
<thead>
<tr>
<th>State</th>
<th>Date Effective</th>
<th>Annualized Revenue Increases Effective in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryland</td>
<td>2/5/2019</td>
<td>$1&lt;sup&gt;(a)&lt;/sup&gt;</td>
</tr>
<tr>
<td>West Virginia</td>
<td>2/25/2019</td>
<td>19&lt;sup&gt;(b)&lt;/sup&gt;</td>
</tr>
<tr>
<td>New York</td>
<td>4/1/2019</td>
<td>4&lt;sup&gt;(c)&lt;/sup&gt;</td>
</tr>
<tr>
<td>California</td>
<td>5/11/2019</td>
<td>4&lt;sup&gt;(d)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

### Infrastructure Charges

<table>
<thead>
<tr>
<th>State</th>
<th>Date Effective</th>
<th>Annualized Revenue Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois (QIP)</td>
<td>1/1/2019</td>
<td>$8</td>
</tr>
<tr>
<td>West Virginia (DSIC)</td>
<td>1/1/2019</td>
<td>2</td>
</tr>
<tr>
<td>Pennsylvania (DSIC)</td>
<td>4/1/2019</td>
<td>2</td>
</tr>
<tr>
<td>Missouri (ISRS)</td>
<td>6/24/2019</td>
<td>9</td>
</tr>
</tbody>
</table>

**Total** $21

**$49**

---

<sup>(a)</sup> On February 5, 2019, the Maryland Public Service Commission issued an Order authorizing an increase of $1.45 million effective February 5, 2019.

<sup>(b)</sup> On February 8, 2019, the West Virginia Public Service Commission issued an Order authorizing an increase of $19 million effective February 25, 2019, this excludes $4 million in DSIC revenues.

<sup>(c)</sup> Total Rate award for this rate case was $20.9 million with increases of $3.6, $4.8, $4.6 and $7.9 million effective 6/1/2017, 4/1/2018, 4/1/2019 and 4/1/2020, respectively. The Rate award for the rate case was adjusted to $17.9 million with increases of $2.8, $4.1, $3.9 and $7.1 million effective 6/1/2017, 4/1/2018, 4/1/2019 and 4/1/2020, respectively, to reflect an adjustment to property taxes.

<sup>(d)</sup> 2019 step rate increases approved effective May 11, 2019. A tier 2 advice letter will be filed within 90 days of the effective date to implement a surcharge to true-up the interim rates. The surcharge shall include differences between interim rates and adopted rates through the 2019 escalation year up to the effective date of May 11, 2019.
## Rate Filings Awaiting Final Order

### Rate Cases Filed

<table>
<thead>
<tr>
<th>Rate Cases Filed Company</th>
<th>Docket/Case Number</th>
<th>Date Filed</th>
<th>Requested Revenue Increase</th>
<th>ROE Requested</th>
<th>Rate Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>Case No. PUR-2018-00175</td>
<td>11/2/2018</td>
<td>$5&lt;sup&gt;(d)&lt;/sup&gt;</td>
<td>10.80%</td>
<td>$196</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Case No. 2018-00358</td>
<td>11/28/2018</td>
<td>20</td>
<td>10.80%</td>
<td>441</td>
</tr>
<tr>
<td>California</td>
<td>Case No. A. 19-07-xxx</td>
<td>5/1/2019</td>
<td>$24&lt;sup&gt;(d)&lt;/sup&gt;</td>
<td></td>
<td>$689</td>
</tr>
</tbody>
</table>

### Infrastructure Charges Filed

<table>
<thead>
<tr>
<th>Infrastructure Charges Filed</th>
<th>Date Filed</th>
<th>Requested Revenue Increase</th>
<th>Rate Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tennessee (QIP, EDI, SEC)</td>
<td>11/16/2018</td>
<td>$2&lt;sup&gt;(c)&lt;/sup&gt;</td>
<td>$19</td>
</tr>
<tr>
<td>New Jersey (DSIC)</td>
<td>5/15/2019</td>
<td>15</td>
<td>125</td>
</tr>
<tr>
<td>New York (SIC)</td>
<td>5/30/2019</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Pennsylvania (DSIC)</td>
<td>6/20/2019</td>
<td>3</td>
<td>25</td>
</tr>
</tbody>
</table>

### Rate Case and Infrastructure Settlements awaiting Regulatory Approval

<table>
<thead>
<tr>
<th>Rate Case and Infrastructure Settlements</th>
<th>Date Filed</th>
<th>Requested Revenue Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana</td>
<td>9/14/2018</td>
<td>$18&lt;sup&gt;(d)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

**Total Awaiting Final Order:** $89

---

<sup>(a)</sup> The requested increase filed for was $5.6 million, which includes $0.9 million from infrastructure filings. Interim rates were effective on May 1, 2019, under bond and subject to refund.

<sup>(b)</sup>This is a preliminary application, made within 60 days of the general rate case application. The general rate case application may differ somewhat from the preliminary figures. For this preliminary application, Test Year 2021 revenue requirement request increase is $23.9 million. This excludes the step rate and attrition rate increase for 2022 and 2023 of $10.1 million and $10.7 million, respectively. The total revenue requirement request for the three year rate case cycle is $44.7 million.

<sup>(c)</sup>The $2 million revenue increase requested is proposed to be offset with savings from the Tax Cuts and Jobs Act savings.

<sup>(d)</sup>The requested increase for Step 1 was $18.3 million with a rate base of $1,065 million, the requested amount excludes $18.6 million in revenues from DSIC cases. The Step 2 requested increase was $20.6 million with a rate base of $1,222 million. The major parties recently filed a joint settlement agreement, which includes a $17.5 million increase in revenues combined over two steps, this excludes $17.6 million in revenues related to infrastructure filings previously authorized, Step 1 increase is $3.8 million and the Step 2 increase is $13.7 million.
# Regulated Utilities: Rate Base & Authorized Return on Equity

<table>
<thead>
<tr>
<th>State</th>
<th>Authorized Rate Base*</th>
<th>Authorized ROE</th>
<th>Authorized Equity</th>
<th>Effective Date of Rate Case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CALIFORNIA</strong></td>
<td>$498,135</td>
<td>9.20%(a)</td>
<td>55.39%(a)</td>
<td>1/1/2018(a)</td>
</tr>
<tr>
<td><strong>ILLINOIS</strong></td>
<td>$883,386</td>
<td>9.79%</td>
<td>49.80%</td>
<td>1/1/2017</td>
</tr>
<tr>
<td><strong>INDIANA</strong></td>
<td>$841,915(b)</td>
<td>9.75%</td>
<td>49.85%(c)</td>
<td>1/29/2015</td>
</tr>
<tr>
<td><strong>KENTUCKY</strong></td>
<td>$405,704(b)</td>
<td>9.70%(e)</td>
<td>47.36%(d)</td>
<td>8/28/2016</td>
</tr>
<tr>
<td><strong>MISSOURI</strong></td>
<td>$1,249,293(b)</td>
<td>10.00%(e)</td>
<td>52.80%(d)</td>
<td>5/28/208</td>
</tr>
<tr>
<td><strong>NEW JERSEY</strong></td>
<td>$2,950,471</td>
<td>9.60%</td>
<td>54.00%</td>
<td>10/29/2018(g)</td>
</tr>
<tr>
<td><strong>NEW YORK</strong></td>
<td>$275,463</td>
<td>9.10%</td>
<td>46.00%</td>
<td>6/1/2017</td>
</tr>
<tr>
<td><strong>PENNSYLVANIA</strong></td>
<td>$3,162,597(b)</td>
<td>10.00%(e)</td>
<td>53.75%(d)</td>
<td>1/1/2018(d)</td>
</tr>
<tr>
<td><strong>VIRGINIA</strong></td>
<td>$155,747</td>
<td>9.25%</td>
<td>46.09%</td>
<td>5/24/2017(f)</td>
</tr>
<tr>
<td><strong>WEST VIRGINIA</strong></td>
<td>$652,900(h)</td>
<td>9.75%</td>
<td>48.40%(h)</td>
<td>2/25/2019</td>
</tr>
</tbody>
</table>

*Rate Base stated in $000s

(a) On March 22, 2018, Decision 18-03-035 set the authorized cost of capital for 2018 through 2020. CA has a separate Cost of Capital case 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) The Authorized Equity excludes 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) 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.
(e) 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.
(f) Interim rates were effective April 1, 2016 and received final Order May 24, 2017.
(g) Interim rates were effective June 15, 2018 and final rates effective October 29, 2018.
(h) The Rate Base and equity ratio listed is the Company’s view of what was allowed in the case, there were multiple versions disclosed by the parties in the applicable settlement agreement.
# 2019 Closed Acquisitions as of June 21

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Systems</th>
<th>Water Customer Connections</th>
<th>Wastewater Customer Connections</th>
<th>Total Customer Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>1</td>
<td>500</td>
<td>-</td>
<td>500</td>
</tr>
<tr>
<td>Indiana</td>
<td>1</td>
<td>2,900</td>
<td>-</td>
<td>2,900</td>
</tr>
<tr>
<td>Kentucky</td>
<td>2</td>
<td>400</td>
<td>200</td>
<td>600</td>
</tr>
<tr>
<td>Missouri</td>
<td>3</td>
<td>40</td>
<td>200</td>
<td>140</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>1</td>
<td>-</td>
<td>1,100</td>
<td>1,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8</strong></td>
<td><strong>3,840</strong></td>
<td><strong>1,500</strong></td>
<td><strong>5,340</strong></td>
</tr>
</tbody>
</table>

Note: Customer Connections are rounded.
### Pending Acquisitions* as of June 21

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Systems</th>
<th>Water Customer Connections</th>
<th>Wastewater Customer Connections</th>
<th>Total Customer Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>5</td>
<td>11,500</td>
<td>-</td>
<td>11,500</td>
</tr>
<tr>
<td>Hawaii</td>
<td>1</td>
<td>-</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Iowa</td>
<td>1</td>
<td>100</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Illinois**</td>
<td>10</td>
<td>2,100</td>
<td>31,800</td>
<td>33,900</td>
</tr>
<tr>
<td>Indiana</td>
<td>2</td>
<td>3,300</td>
<td>500</td>
<td>3,800</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1</td>
<td>-</td>
<td>1,800</td>
<td>1,800</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>5</td>
<td>2,700</td>
<td>9,300</td>
<td>12,000</td>
</tr>
<tr>
<td>West Virginia</td>
<td>2</td>
<td>800</td>
<td>-</td>
<td>800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27</strong></td>
<td><strong>21,000</strong></td>
<td><strong>43,600</strong></td>
<td><strong>64,100</strong></td>
</tr>
</tbody>
</table>

* Customer Connections are rounded

** This includes the Alton, IL acquisition, which represents 23,000 customer connections, due to bulk contracts. Connections to the system will be approximately 11,000
## Consolidated Adjusted EPS

<table>
<thead>
<tr>
<th></th>
<th>For the Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Diluted earnings per share (GAAP):</strong></td>
<td></td>
</tr>
<tr>
<td>Net income attributable to common shareholders</td>
<td>$3.15</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
</tr>
<tr>
<td>Contract Services Gain on Sale</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Income tax impact</td>
<td>0.02</td>
</tr>
<tr>
<td>Net adjustment</td>
<td>(0.06)</td>
</tr>
<tr>
<td>Keystone Impairment</td>
<td>0.31</td>
</tr>
<tr>
<td>Income tax impact</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interest</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Net adjustment</td>
<td>0.22</td>
</tr>
<tr>
<td>Freedom Industries Insurance Settlement</td>
<td>(0.11)</td>
</tr>
<tr>
<td>Income tax impact</td>
<td>0.03</td>
</tr>
<tr>
<td>Net adjustment</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Early Debt Extinguishment at Parent</td>
<td>-</td>
</tr>
<tr>
<td>Income tax impact</td>
<td>-</td>
</tr>
<tr>
<td>Net adjustment</td>
<td>-</td>
</tr>
<tr>
<td>Re-measurement from Tax Reform</td>
<td>0.07</td>
</tr>
<tr>
<td>Total net adjustments</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Adjusted diluted earnings per share (non-GAAP):</strong></td>
<td>$3.30</td>
</tr>
</tbody>
</table>

*Amounts may not sum due to rounding.
Reconciliation Tables: Adjusted Return on Equity
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>LTM March 31, 2018</th>
<th>LTM March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$439</td>
<td>$574</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freedom Industries activities</td>
<td>(22)</td>
<td>(24)</td>
</tr>
<tr>
<td>Early Debt Extinguishment at Parent</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Keystone Impairment</td>
<td>-</td>
<td>54</td>
</tr>
<tr>
<td>Contract Services Gain on Sale</td>
<td>-</td>
<td>(14)</td>
</tr>
<tr>
<td>Tax Impact for items above</td>
<td>7</td>
<td>(5)</td>
</tr>
<tr>
<td>Re-measurement from Tax Reform</td>
<td>125</td>
<td>12</td>
</tr>
<tr>
<td><strong>Adjusted Net Income from Continuing Operations (a)</strong></td>
<td>$555</td>
<td>$597</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>$5,451</td>
<td>$5,932</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freedom Industries activities</td>
<td>(22)</td>
<td>(24)</td>
</tr>
<tr>
<td>Early Debt Extinguishment at Parent</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Keystone Impairment</td>
<td>-</td>
<td>54</td>
</tr>
<tr>
<td>Contract Services Gain on Sale</td>
<td>-</td>
<td>(14)</td>
</tr>
<tr>
<td>Tax Impact for items above</td>
<td>7</td>
<td>(5)</td>
</tr>
<tr>
<td>Re-measurement from Tax Reform</td>
<td>125</td>
<td>12</td>
</tr>
<tr>
<td><strong>Adjusted Shareholders’ Equity (b)</strong></td>
<td>$5,567</td>
<td>$5,955</td>
</tr>
<tr>
<td><strong>Adjusted Return on Equity (a/b)</strong></td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>
# Reconciliation Table: Regulated Segment O&M Efficiency Ratio

(A Non-GAAP Unaudited Number)

($ in millions)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operations and maintenance expense</td>
<td>$1,291</td>
<td>$1,330</td>
<td>$1,350</td>
<td>$1,504</td>
<td>$1,378</td>
<td>$1,479</td>
<td>$1,496</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and maintenance expense – Market Based Operations</td>
<td>257</td>
<td>256</td>
<td>289</td>
<td>372</td>
<td>337</td>
<td>362</td>
<td>380</td>
</tr>
<tr>
<td>Operations and maintenance expense – Other</td>
<td>(61)</td>
<td>(56)</td>
<td>(51)</td>
<td>(44)</td>
<td>(50)</td>
<td>(42)</td>
<td>(43)</td>
</tr>
<tr>
<td>Total operations and maintenance expense – Regulated Businesses</td>
<td>$1,095</td>
<td>$1,130</td>
<td>$1,112</td>
<td>$1,176</td>
<td>$1,091</td>
<td>$1,159</td>
<td>$1,159</td>
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<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulated purchased water expense</td>
<td>100</td>
<td>110</td>
<td>122</td>
<td>122</td>
<td>128</td>
<td>133</td>
<td>131</td>
</tr>
<tr>
<td>Allocation of non-operation and maintenance expenses</td>
<td>29</td>
<td>35</td>
<td>39</td>
<td>30</td>
<td>29</td>
<td>31</td>
<td>32</td>
</tr>
<tr>
<td>Impact of Freedom Industries activities</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>65</td>
<td>(22)</td>
<td>(20)</td>
<td>(24)</td>
</tr>
<tr>
<td>Estimated impact of weather</td>
<td>-</td>
<td>5</td>
<td>(2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted operations and maintenance expense – Regulated Businesses (a)</td>
<td>$966</td>
<td>$980</td>
<td>$943</td>
<td>$959</td>
<td>$956</td>
<td>$1,015</td>
<td>$1,020</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$2,555</td>
<td>$2,854</td>
<td>$3,011</td>
<td>$3,302</td>
<td>$3,357</td>
<td>$3,440</td>
<td>$3,493</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenues – Market Based Operations</td>
<td>295</td>
<td>307</td>
<td>355</td>
<td>451</td>
<td>422</td>
<td>476</td>
<td>511</td>
</tr>
<tr>
<td>Operating Revenues – Other</td>
<td>(36)</td>
<td>(17)</td>
<td>(19)</td>
<td>(20)</td>
<td>(23)</td>
<td>(20)</td>
<td>(21)</td>
</tr>
<tr>
<td>Total pro forma operating revenues – Regulated Businesses</td>
<td>$2,286</td>
<td>$2,564</td>
<td>$2,674</td>
<td>$2,871</td>
<td>$2,958</td>
<td>$2,984</td>
<td>$3,003</td>
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<tr>
<td>Less:</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Regulated Purchased Water expenses*</td>
<td>100</td>
<td>110</td>
<td>122</td>
<td>122</td>
<td>128</td>
<td>133</td>
<td>131</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Freedom Industries chemical spill in West Virginia</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Estimated impact of weather</td>
<td>-</td>
<td>(47)</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted pro forma operating revenues—Regulated Businesses (b)</td>
<td>$2,186</td>
<td>$2,407</td>
<td>$2,570</td>
<td>$2,749</td>
<td>$2,830</td>
<td>$2,851</td>
<td>$2,872</td>
</tr>
<tr>
<td>Adjusted O&amp;M efficiency ratio—Regulated Businesses (a)/(b)</td>
<td>44.2%</td>
<td>40.7%</td>
<td>36.7%</td>
<td>34.9%</td>
<td>33.8%</td>
<td>35.6%</td>
<td>35.5%</td>
</tr>
</tbody>
</table>

| Adjusted operations and maintenance expense – Regulated Businesses | $966    | $980    | $943    | $959    | $956    |         |               |
| Impact of adoption of ASU 2017-07 | -       | 39      | (8)     | 12      | 15      |         |               |
| Adjusted operations and maintenance expense – Regulated Businesses (c) | $966    | $941    | $951    | $947    | $941    |         |               |
| Adjusted operating revenues—Regulated Businesses | $2,186  | $2,407  | $2,570  | $2,749  | $2,830  |         |               |
| Less pro forma adjustment: Pro forma adjustment for the TCJA** | 89      | 112     | 137     | 161     | 168     |         |               |
| Adjusted pro forma operating revenues—Regulated Businesses (d) | $2,097  | $2,294  | $2,433  | $2,588  | $2,662  |         |               |
| Adjusted O&M efficiency ratio—Regulated Businesses (c)/(d) | 46.1%   | 41.0%   | 39.1%   | 36.6%   | 35.4%   |         |               |

* Calculation assumes purchased water revenues approximate purchased water expenses
** Calculation of Estimated tax reform = Revenue Requirement with new Effective Tax Rate (taxes grossed up) – Revenue Requirement with old Effective Tax Rate