American Water

2019 First Quarter Earnings Conference Call

We keep life flowing

AMERICAN WATER

Forward-Looking Statements

Ed Vallejo

Vice President, Investor Relations

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Forward-Looking Statements

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 and in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 19, 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.

American Water

Strategy Overview

Susan Story

President and Chief Executive Officer

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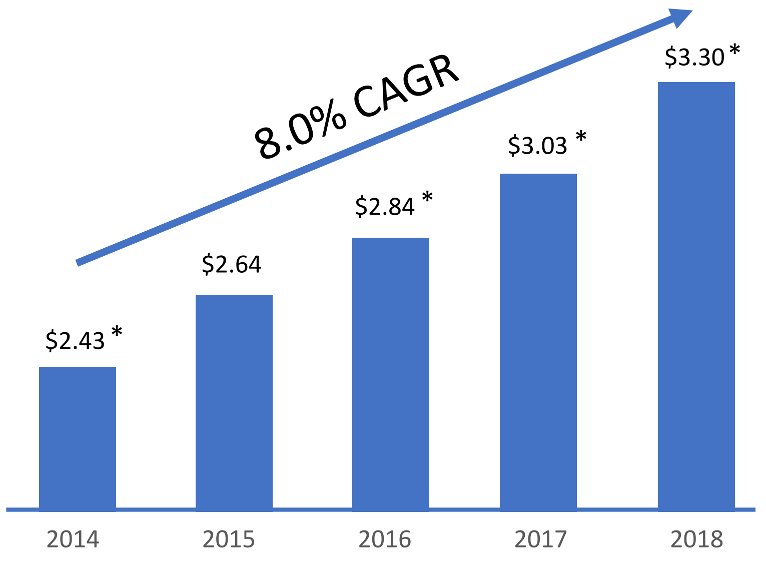
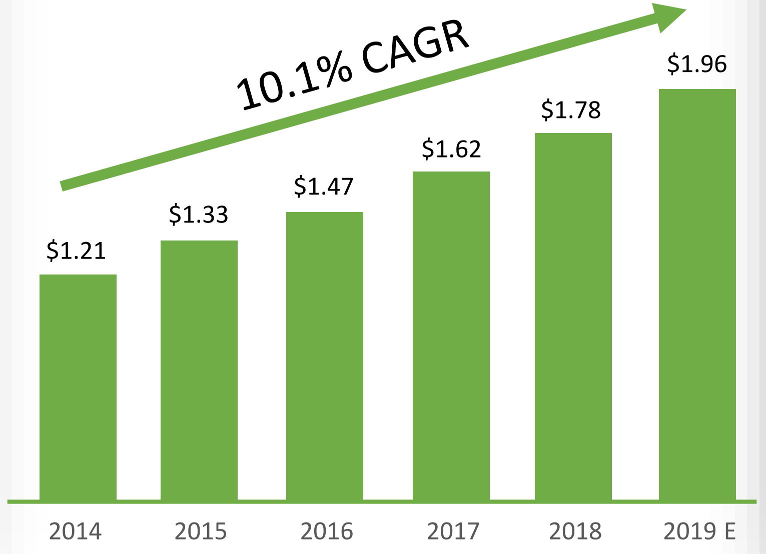
Accomplishments during Linda's tenure…

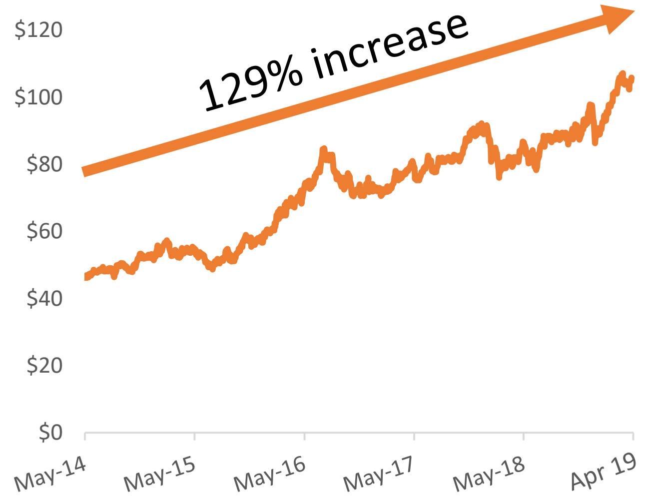
5 Year EPS Growth



5 Year Dividend Growth



5 Year Share Price Growth



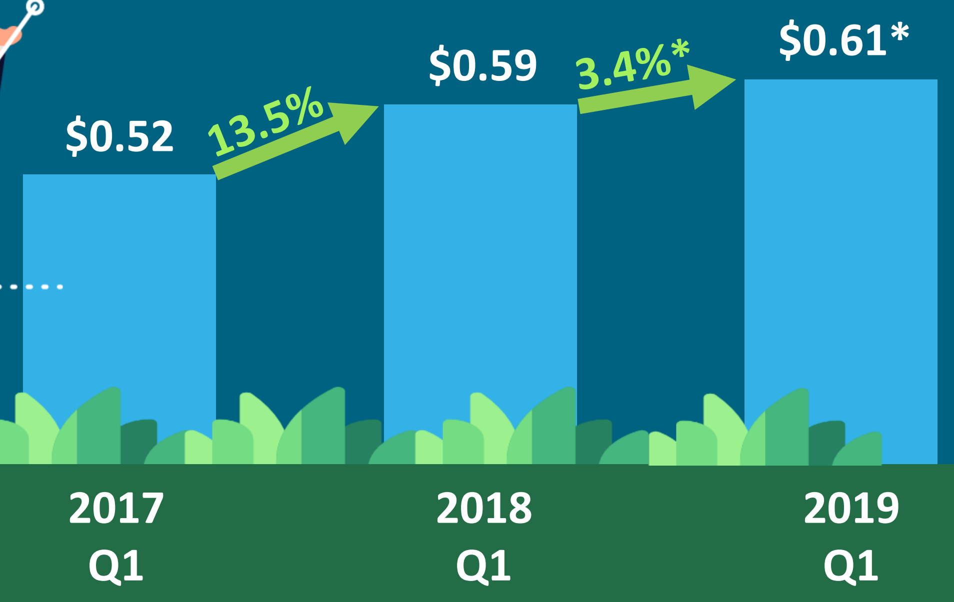
** Adjusted EPS is a Non-GAAP Measure. Please see appendix for reconciliation and further information.*

Source: Bloomberg
5 year CAGR: FY2013 to FY2018

Setting the Stage for *Growth*

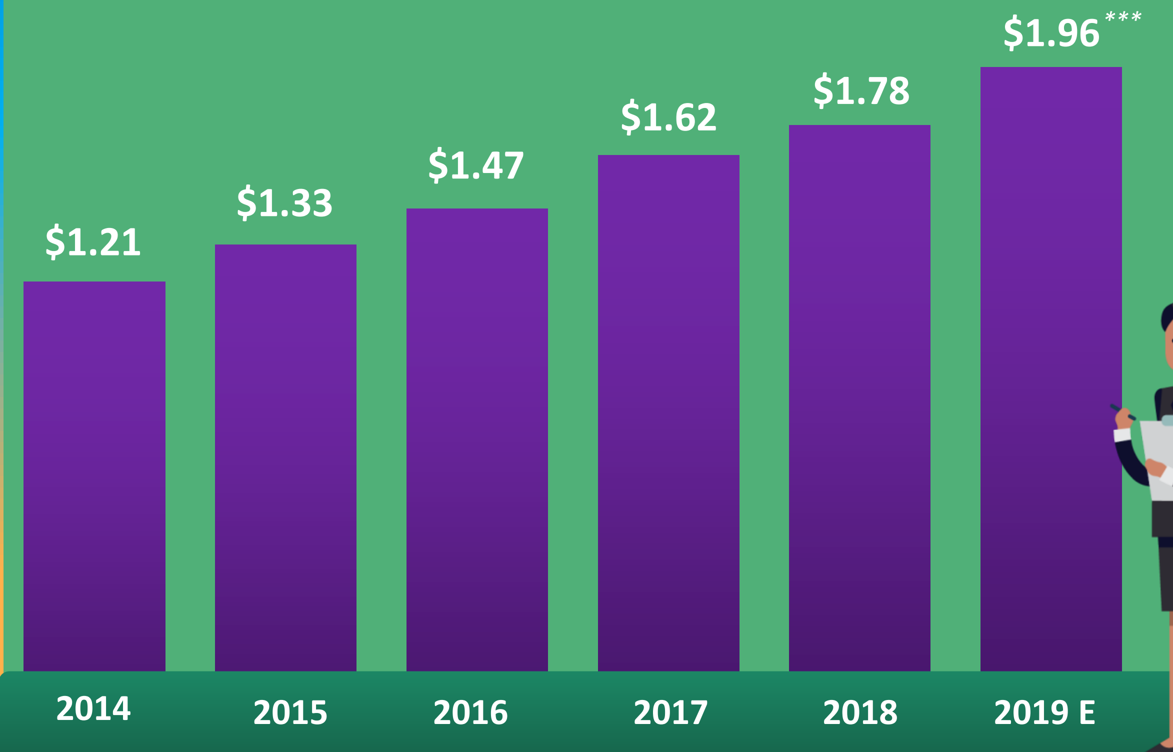
Earnings Growth

Affirming 2019 Adjusted EPS Guidance Range of $3.54 - $3.64*



Dividend Growth

5 years of 10.1% CAGR dividend growth**



** Adjusted EPS is a Non-GAAP Measure. Please see appendix for reconciliation and further information.*

*** Anchored off of 2014 dividends paid.*

**** Full year estimated dividend, future dividends are subject to approval of the American Water Board of Directors.*

Our Regulated Business Remains the Foundation of our *Long Term Growth Strategy*

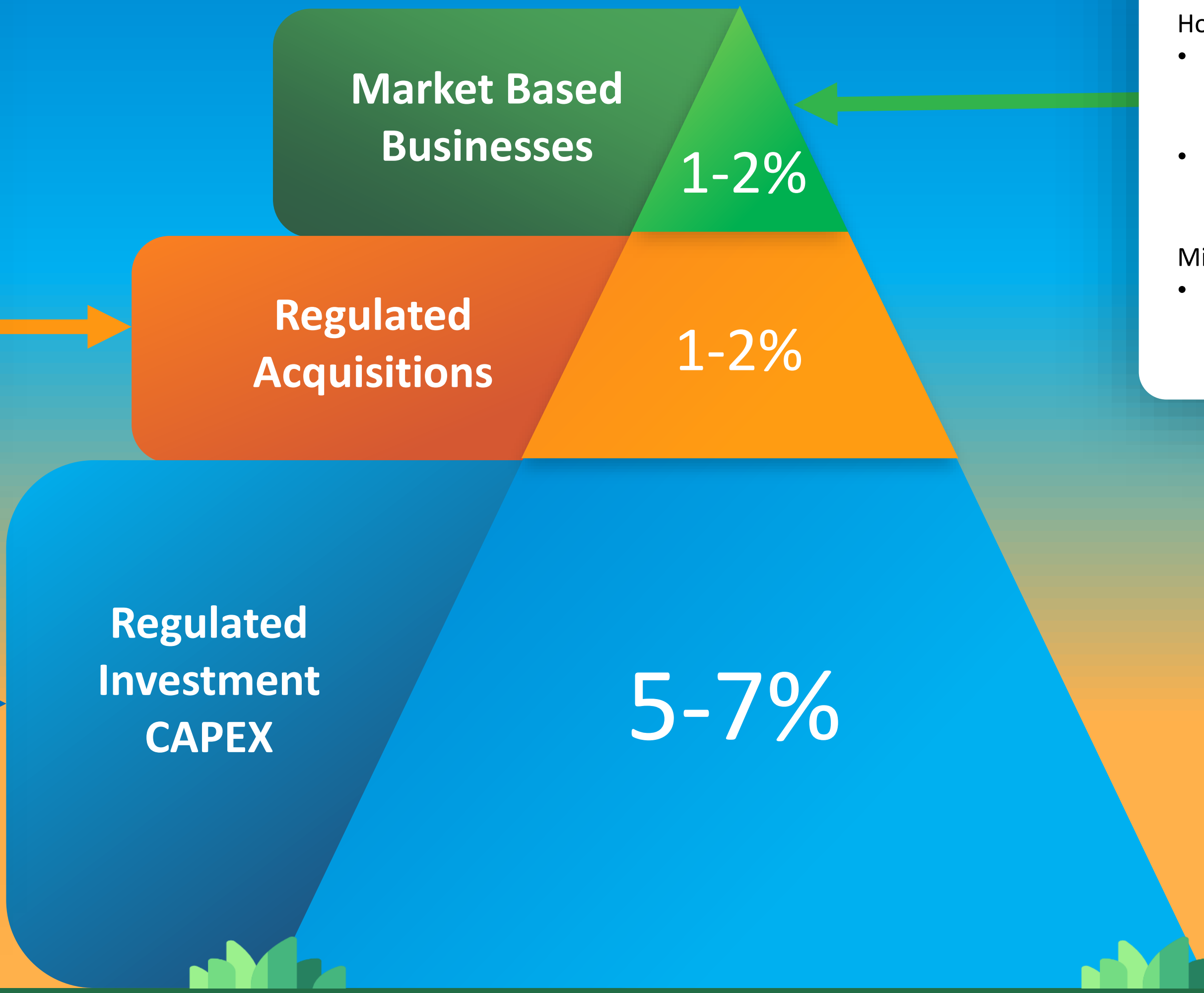
2019-2023 Plan*
7-10% EPS CAGR Top Half of range

2019 YTD Regulated Acquisitions

- Closed 4,700 customer connections
- Signed and pending 61,500 customer connections
- CA signed agreement in Temple City, Arcadia and the East Pasadena area that services approximately 2,900 customer connections
- Strong pipeline developed

2019 Q1 Regulated Investment

- $337 million invested with majority dedicated to Regulated
- Organic growth 3,000 customer connections
- 35.5%** O&M efficiency ratio
- Deployed and developed technology to improve service & reliability



2019 Q1 Market Based Businesses

Homeowner Services

- Growth of Pivotal Home Solutions with continued integration
- Strong Philadelphia partnership grows over 100,000 contracts

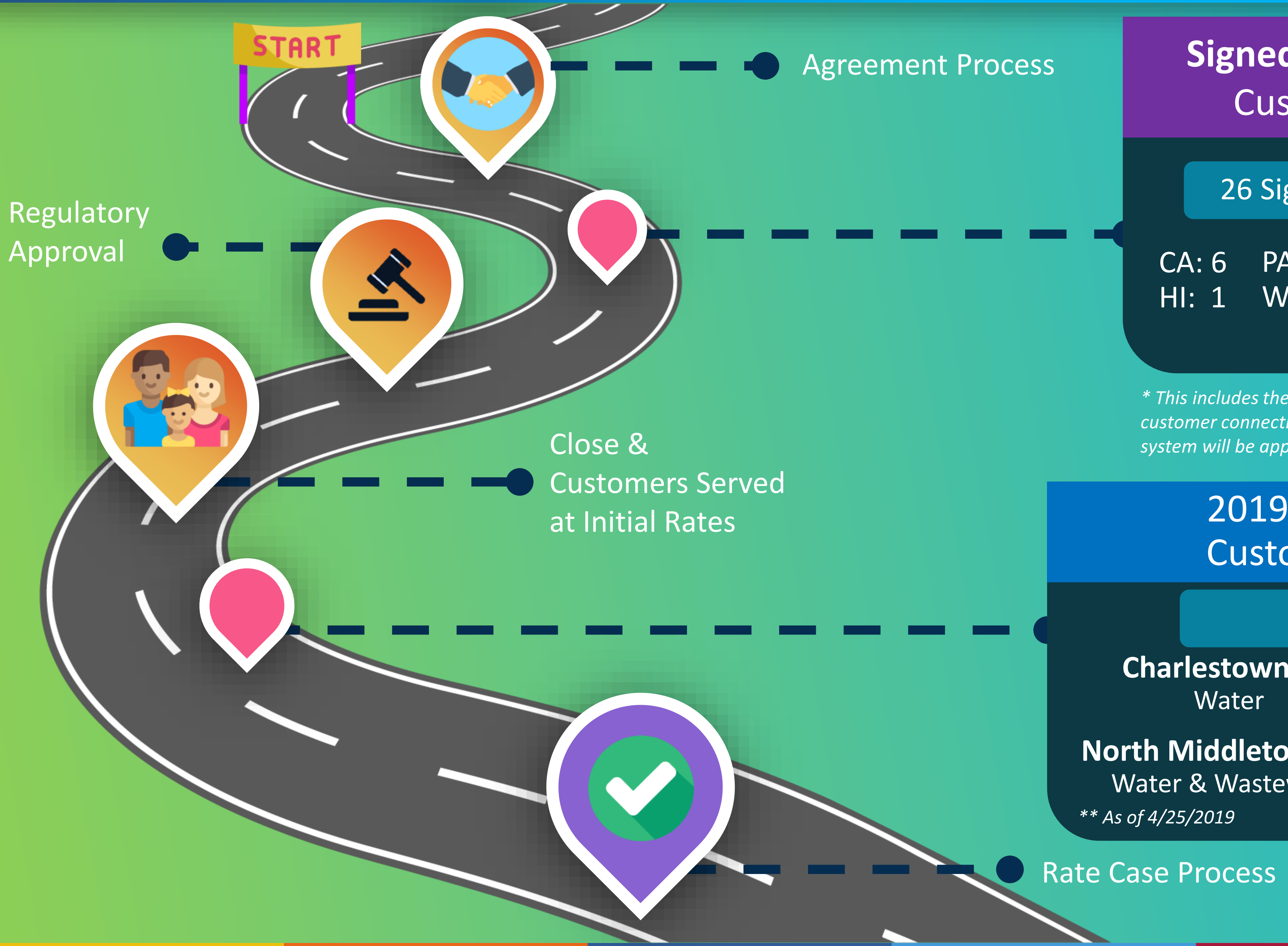
Military Services

- Still expecting the Department of Defense to award up to 3 military bases in 2019

** Growth triangle reflects 2019 – 2023 EPS CAGR goal of 7-10% anchored off of 2017 Adjusted EPS (a non-GAAP measure).*
*** For 12-months ended Mar 31, 2019. Non-GAAP measure: please see reconciliation table in appendix.*

Regulated Acquisitions Update

American Water



Signed & Pending ≈ 61,500*
Customer Connections

26 Signed/Pending Acquisitions

CA: 6	PA: 6	MO: 2	TN: 1	NJ: 1
HI: 1	WV: 2	IL: 5		
		IN: 2		

** 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*

2019 Closed ≈ 4,700**
Customer Connections

2019 Highlights

Charlestown, IN
Water

Sadsbury Township, PA
Wastewater

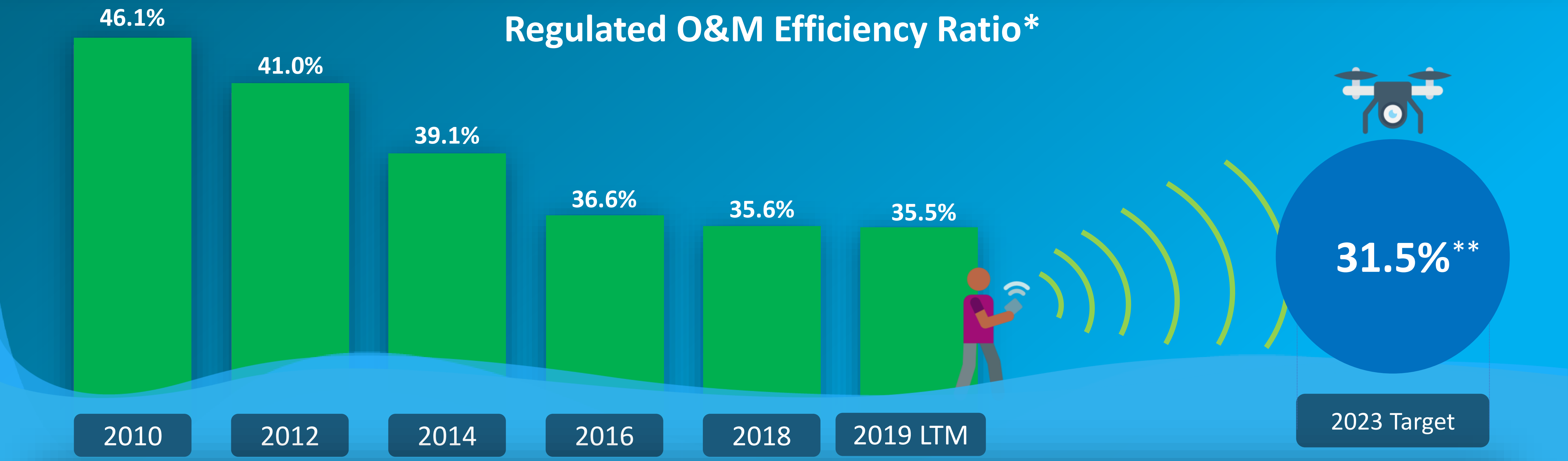
North Middletown, KY
Water & Wastewater

Kimberling City, MO
Water

*** As of 4/25/2019*

Efficiency through Technology

Regulated O&M Efficiency Ratio*



Adjusted Operation and Maintenance Expenses* ($ in millions)

2010	2012	2014	2016	2018	2019 LTM
$966	$980	$943	$948	$1,015	$1,020

2010-2019 LTM
0.6% CAGR

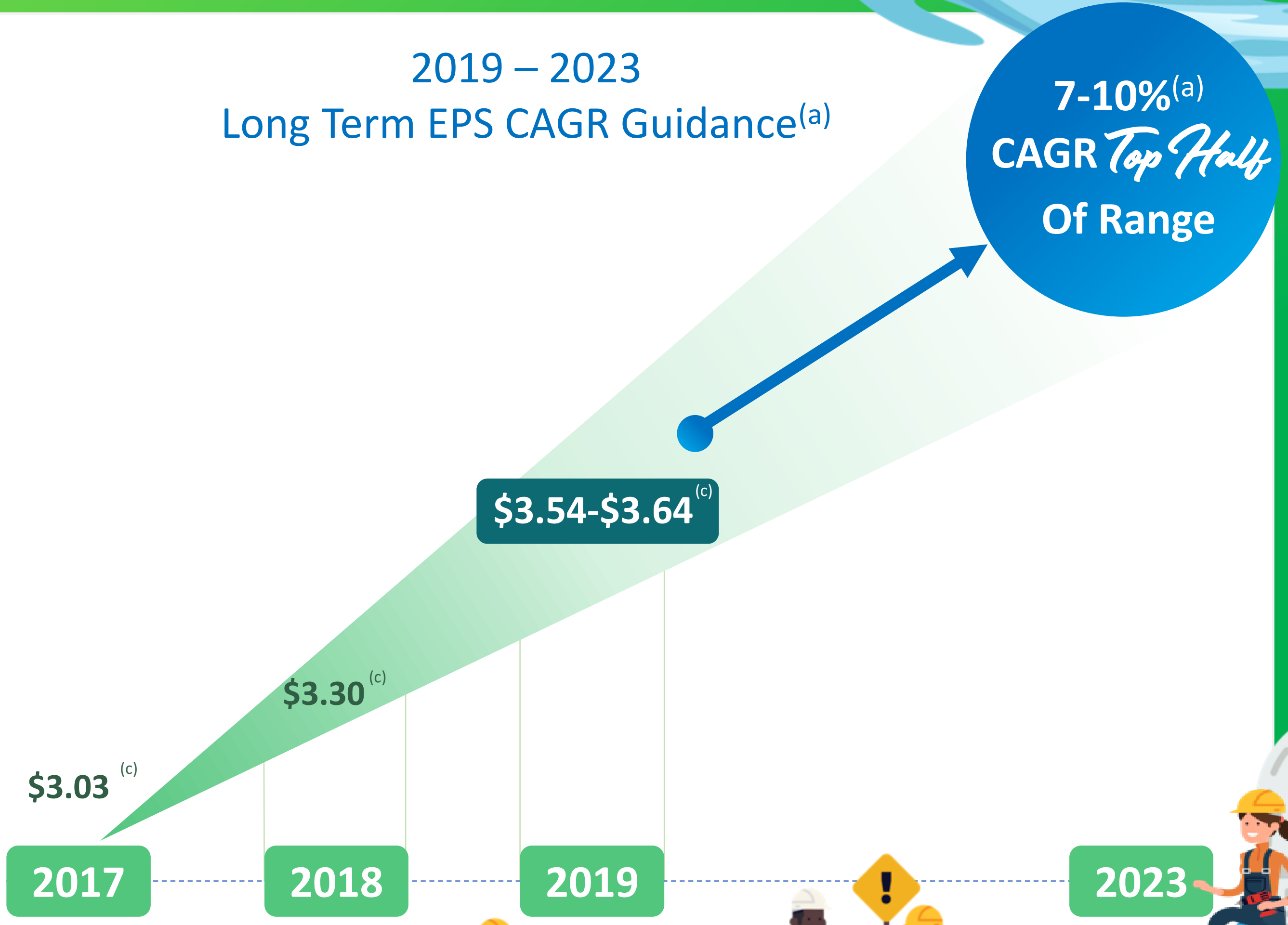
Non-GAAP Measure – See appendix for reconciliation. O&M Efficiency Ratio = Adjusted Regulated O&M Expenses (O&M Expenses is most comparable GAAP measure) / Adjusted Regulated Operating Revenues (Operating Revenues is most comparable GAAP measure). This calculation assumes purchased water revenues approximate purchased water expenses and 2010 – 2016 adjusted for T CJA

*** A reconciliation to a most comparable forward-looking GAAP measure is not available without unreasonable effort*

Long-term Outlook

- Affirming Long-term growth in top half of 7-10%[a] target EPS CAGR through 2023
- Affirming $8.0 - $8.6 billion 2019 – 2023 capital investment with continued focus on customer affordability
- Continuing our focus on improving O&M and Capital efficiency through technology, supply chain, and cost management
- Growing our dividend at high end of targeted long-term 7 – 10%[a] EPS CAGR[b]
- Affirming no new equity required under normal operating conditions

2019 – 2023
Long Term EPS CAGR Guidance[a]



[a]Anchored off of 2017 Adjusted EPS (a non-GAAP measure)

[b] Subject to board approval

[c] Adjusted EPS is a non-GAAP measure. Please see appendix for reconciliation and further information

American Water

Financial Results & Long Term Outlook

Linda Sullivan

Chief Financial Officer

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Solid Quarter Results and Highlights

1Q 2019

Contribution by Business

	Q1 2019	Q1 2018	Change	% Change
Regulated	$0.59*	$0.58	$0.01	1.7%
Market Based	$0.11	$0.07	$0.04	57.1%
Parent & Other	($0.09)	($0.06)	($0.03)	50.0%
Total Adjusted EPS*	**$0.61**	**$0.59**	**$0.02**	**3.4%**
Freedom Industries liability reduction	$0.01	$0.00	$0.01	
Total GAAP EPS	**$0.62**	**$0.59**	**$0.03**	

Solid Quarter
Up 3.4%, including timing impacts

Freedom Settlement
AWK portion reduced to $19M of $126M

Achieved 10%
Consolidated ROE 12 months ended 3/31/2019

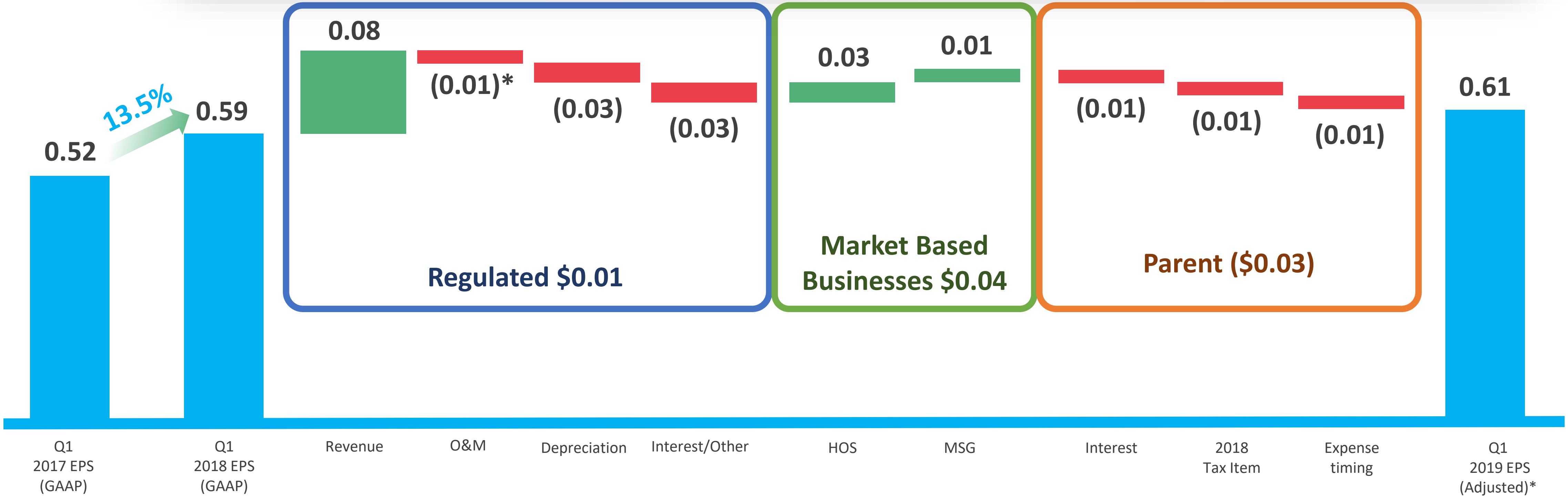
Executing on Investment
$337M in first quarter

New Annualized Revenue
added $36M year to date

* *Adjusted EPS is a non-GAAP Measure. Please see appendix for reconciliation and further information.*

Continued Execution of Company Strategy

Adjusted EPS Increased 3.4% quarter over quarter



* Adjusted EPS is a non-GAAP Measure. Please see appendix for Q1 2019 EPS reconciliation and further information. Regulated GAAP O&M was flat year over year, O&M in the table above is adjusted $0.01 per diluted share for the Freedom Industries liability reduction

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Regulatory Filings

2019

West Virginia Rate Case – Rates Effective on February 25
- Capital Investment of ~$200 million, including DSIC
- ROE ~9.75% with Equity of 48.40%
- DSIC reset

Maryland Rate Case – Rates Effective on February 5
- Capital Investment of ~$18 million
- Estimated ROE 9.9% with Equity of 48.66%
- Full recovery of reservoir project

New York Step Increase – Rates Effective on April 1

Pending

Indiana Rate Case – Filed September 14, 2018
- Settlement Awaiting Regulatory Approval
- Capital Investment of ~$508 million
- Estimated ROE 9.8% with Equity of 53.41%

Virginia Rate Case – Filed November 2, 2018
- Capital Investment of ~$98 million
- Requested ROE 10.8%

Kentucky Rate Case – Filed November 28, 2018
- Capital Investment of ~$100 million
- Requested ROE 10.8%

California Rate Case
- Preliminary Application Expected to be Filed May 1, 2019
- ROE set in separate Cost of Capital Decision
- Step Increase filed March 27, 2019

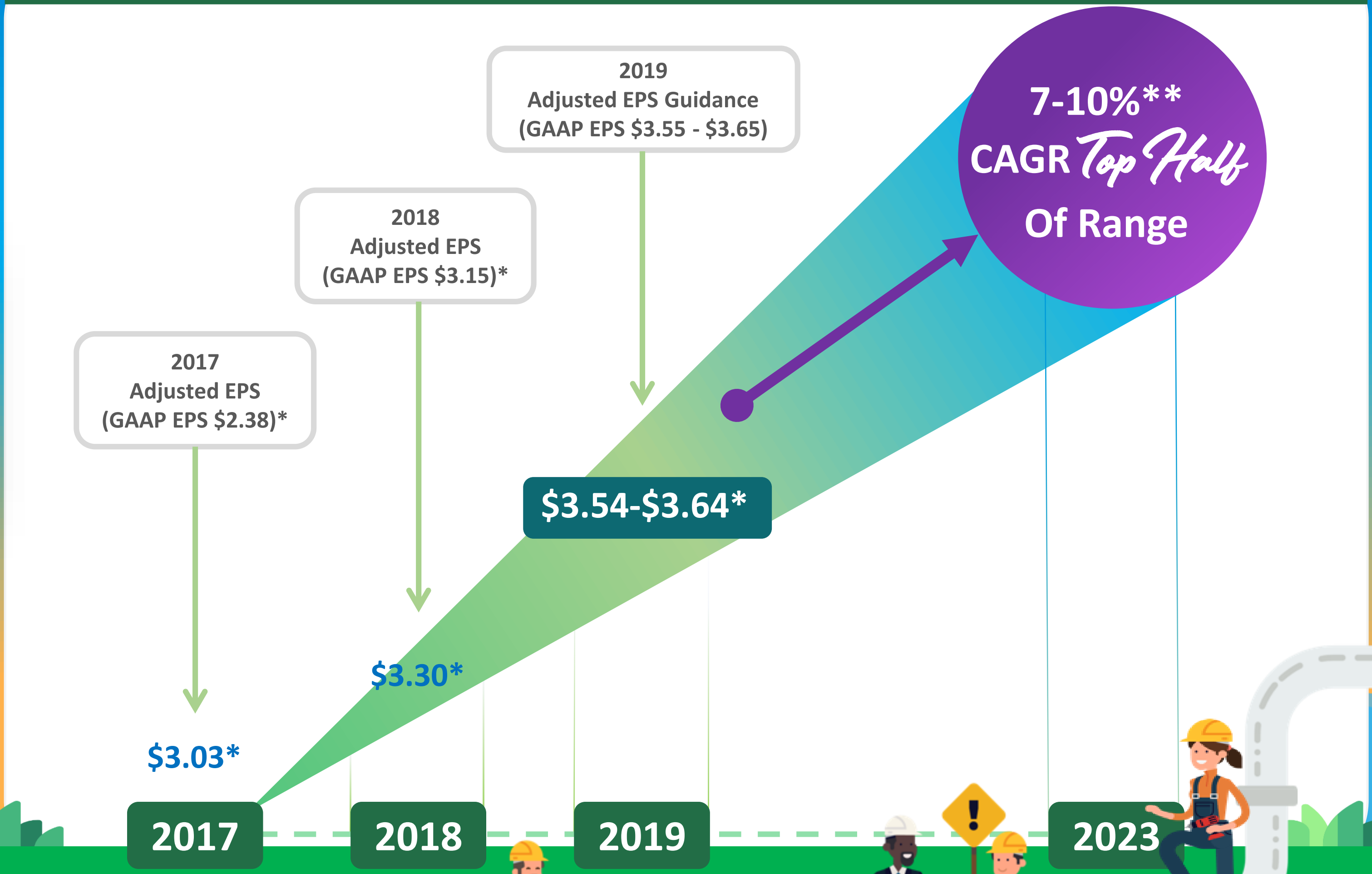
Affirming EPS Guidance

2019 EPS Guidance

Adjusted: $3.54 - $3.64

GAAP: $3.55 - $3.65

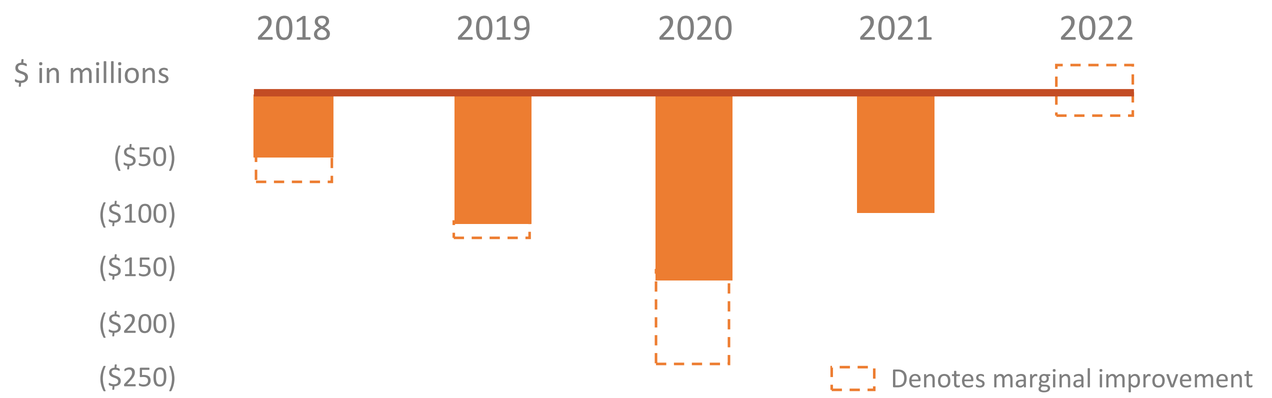
2019 – 2023 Long Term EPS CAGR Guidance**



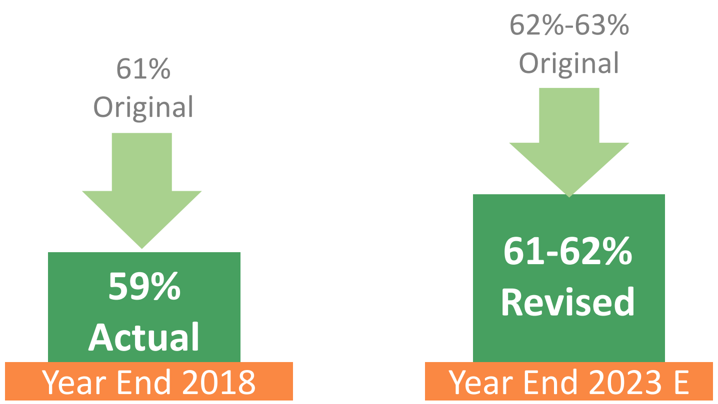
* Adjusted EPS is a non-GAAP Measure. Please see appendix for reconciliation and further information.
** Long Term EPS reflects 2019 – 2023 EPS CAGR goal in the top half of 7-10%, anchored off of 2017 Adjusted EPS (a non-GAAP measure).

Growth Supported by a Strong Balance Sheet

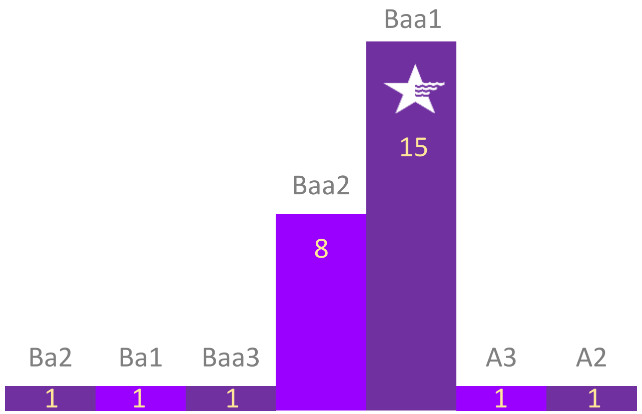
Estimated Cash Flow Impact from TCJA Turns Positive by 2022
(from original estimate on February 21, 2018)



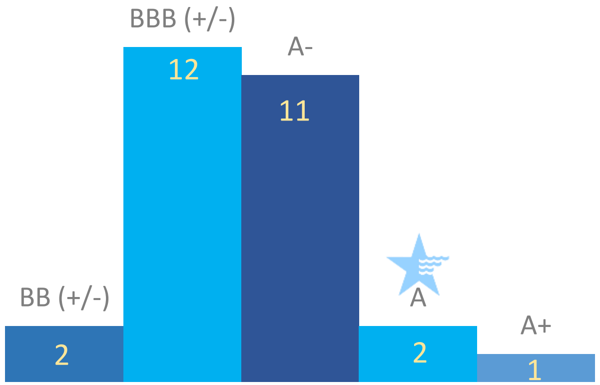
Debt to Total Capital Ratio** Improved



Moody's Utility Credit Rating*



S&P Utility Credit Rating*

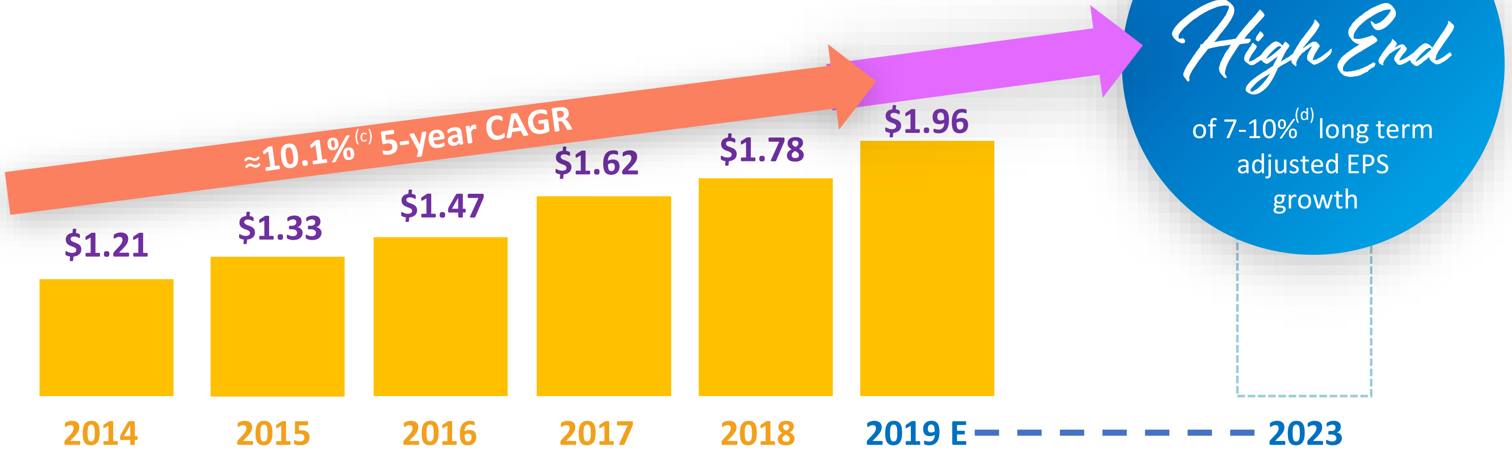


*Population of 28 companies representative of the overall utility sector as determined by American Water

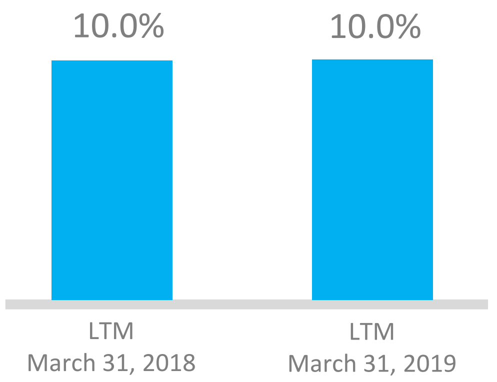
** Based on $8.0 to $8.6 Billion CapEx Range and Includes both long term and short term debt

Creating Shareholder Value

Dividend Growth[b]



AWK Shareholder Value
Adjusted Return on Equity [a]



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

	One Year	Three Year	Five Year
American Water	29.6%	60.8%	156.3%
UTY Index	19.7%	31.3%	68.1%
S&P 500	9.5%	46.2%	67.7%

(a) *Adjusted return on equity (includes both Regulated and Market-based Businesses) is a non-GAAP measure. Please see reconciliation table in appendix.*

(b) *Future dividends are subject to approval of the American Water Board of Directors.* (c) *Anchored off of 2014 dividends paid.* (d) *Anchored off of 2017 Adjusted EPS (a non-GAAP measure).*

American Water

Strategy Overview

Susan Story

President and Chief Executive Officer

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ESG Continues to be a Chief Priority at American Water

ESG → Impact Investing

"ESG investing is about what ***not*** to do. Impact investing is the next evolution—what ***to do*** to make a positive impact on society." – Australian investor on recent AW Visit

S&P Global
ESG Evaluation Launch Event

BrownFlynn
an ERM Group company
2019 ESG Report Consultant

THE Water Research FOUNDATION

Awarded ≈$500,000 from the Water Research Foundation for continuing Legionella research

American Water

Safe Journeys Linda

* No babies were injured during the making of this slide

AMERICAN WATER

Q&A Session

American Water

Investor Relations Contacts

Ed Vallejo

Vice President, Investor Relations

edward.vallejo@amwater.com

Ralph Jedlicka

Director, Investor Relations

ralph.jedlicka@amwater.com

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Appendix

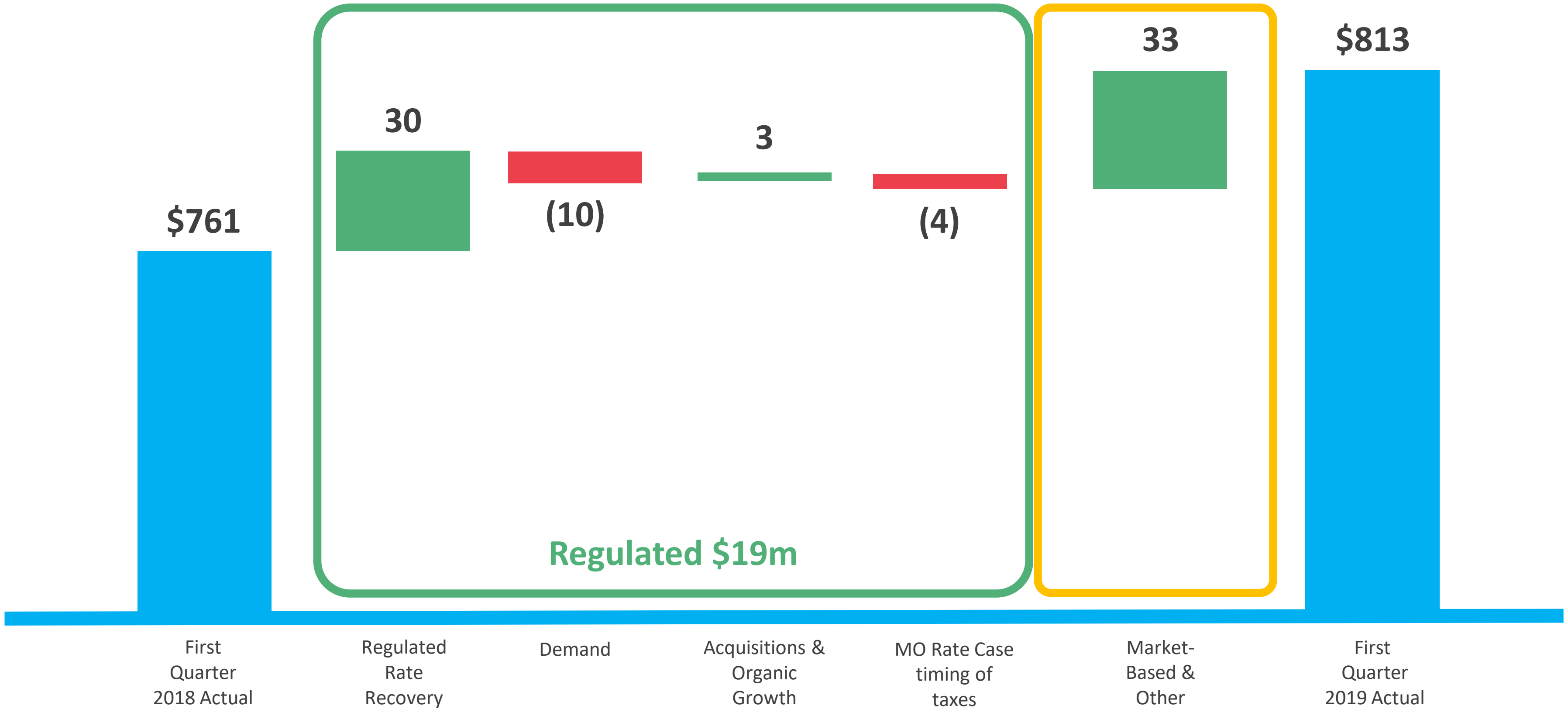
Forward-Looking Statements

Certain statements in this presentation including, without limitation, with respect to earnings per share guidance, 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," "should" 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, as filed with the SEC on February 19, 2019, and subsequent filings with the SEC, and because of factors including, without limitation: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions, taxes, permitting and other decisions; limitations on the availability of our water supplies or sources of water, or restrictions on our use thereof; changes in laws, governmental regulations and policies, including with respect to environmental, health and safety, water quality and emerging contaminants, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms and solar flares; the outcome of litigation and similar governmental proceedings, investigations or actions; exposure or infiltration of our critical infrastructure and technology systems through physical or cyber attacks or other means; our ability to control operating expenses and to achieve efficiencies in our operations; the intentional or unintentional actions of a third party, including contamination of our water supplies or water provided to our customers; our ability to successfully meet growth projections for our businesses and capitalize on growth opportunities, including our ability to, among other things, acquire, close and successfully integrate regulated operations and market-based businesses, enter into contracts and other agreements with, or otherwise obtain, new customers in our market-based businesses, and realize anticipated benefits and synergies from new acquisitions; future results and growth from Keystone Clearwater Solutions' narrowed business focus; access to sufficient capital on satisfactory terms and when and as needed to support operations and capital expenditures; changes in federal or state general, income and other tax laws, including any further rules, regulations, interpretations and guidance by the U.S. Department of the Treasury and state or local taxing authorities related to the enactment of the TCJA, the availability of tax credits and tax abatement programs, and our ability to utilize our U.S. federal and state income tax net operating loss carryforwards; and other factors as may be set forth in our SEC filings.

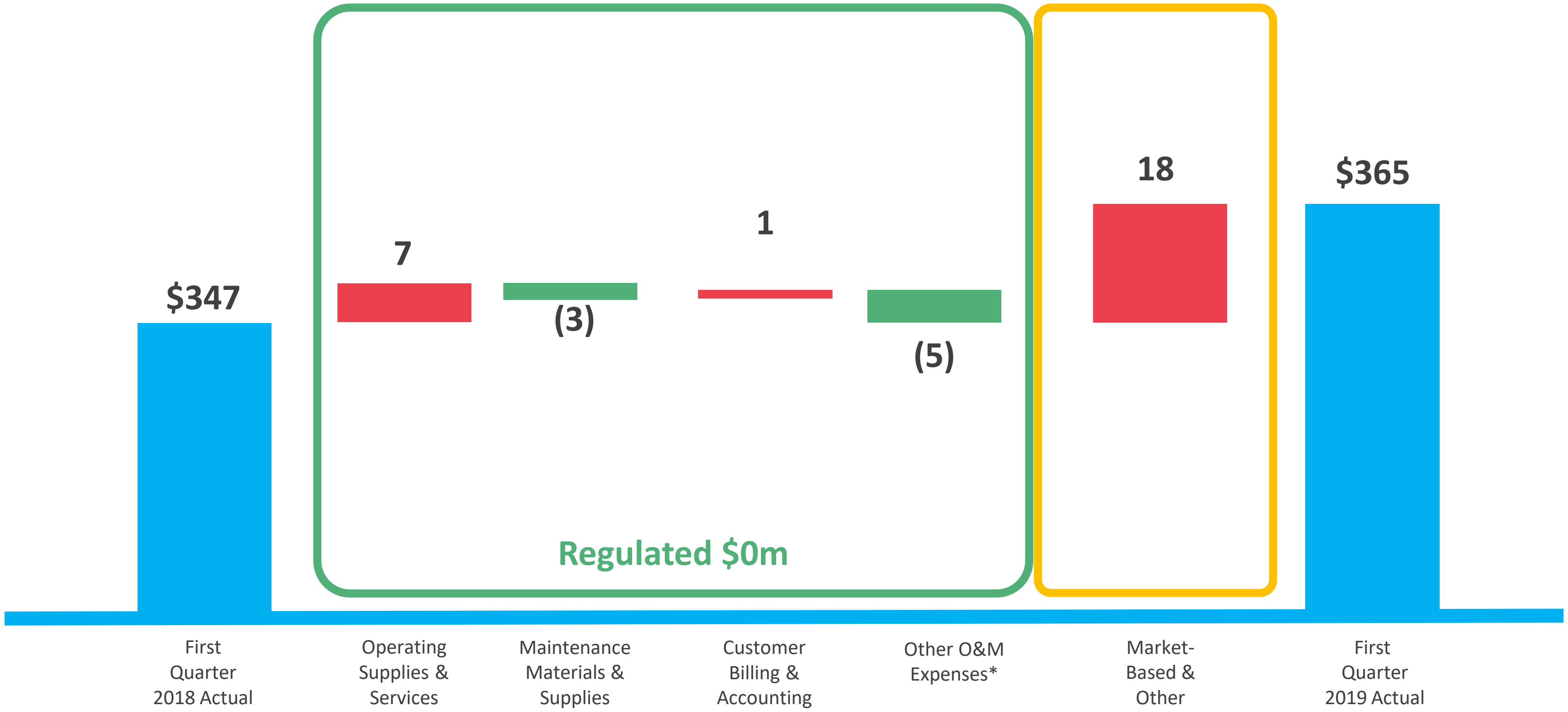
These and other forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors and cautionary statements included in our annual and quarterly SEC filings, and readers should refer to such risks, uncertainties, risk factors 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.

2019 First Quarter Revenue Breakdown

($ in millions)



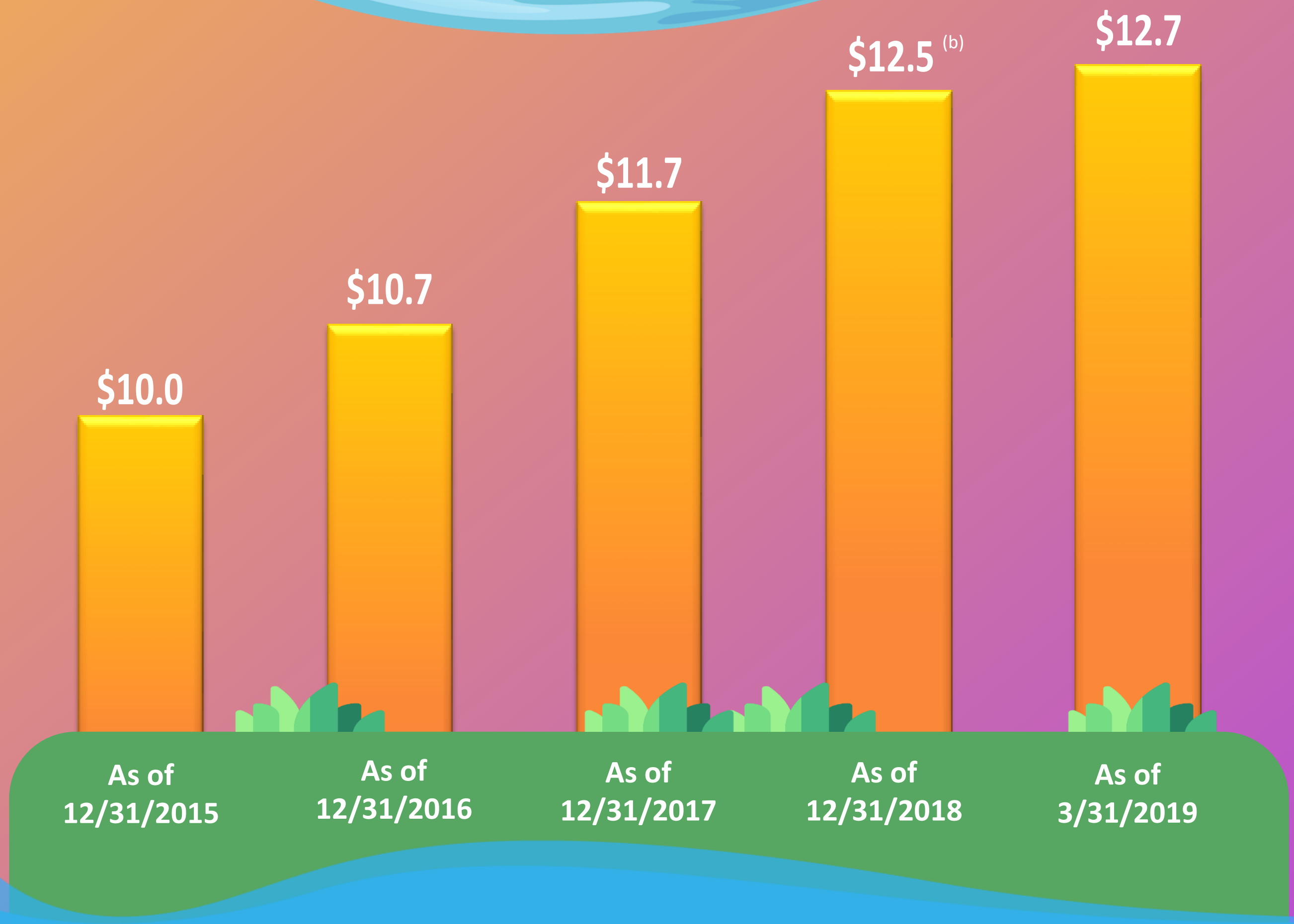
2019 First Quarter O&M Expense Breakdown
($ in millions)



*Includes the $4 million reduction of the liability related to the Freedom Industries chemical spill in West Virginia

Rate Base Calculation[a]

($ in billions)



Estimated Rate Base[a]	
	As of 3/31/2019
Net Utility Plant	$17.3
Less	
Advances for Construction	$0.2
CIAC – Contributions in Aid of Construction	$1.3
Net Deferred income taxes [c]	$3.0
	$4.6
Total Estimated Rate Base	**$12.7**

≈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

Rates Effective since January 1, 2019

($ in millions)

	Date Effective	Annualized Revenue Increases Effective in 2019
Rate Cases & Step Increases		
Maryland	2/5/2019	$1[a]
West Virginia	2/25/2019	19[b]
New York	4/1/2019	4[c]
		$24
Infrastructure Charges		
Illinois (QIP)	1/1/2019	$8
West Virginia (DSIC)	1/1/2019	2
Pennsylvania (DSIC)	4/1/2019	2
		$12
	Total	**$36**

[a] On February 5, 2019, the Maryland Public Service Commission issued an Order authorizing an increase of $1.45 million effective February 5, 2019.
[b] 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.
[c] 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.

Rate Filings Awaiting Final Order

($ in millions)

Rate Cases Filed Company	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
Virginia	Case No. PUR-2018-00175	11/2/2018	$5[a]	10.80%	$196
Kentucky	Case No. 2018-00358	11/28/2018	20	10.80%	441
California	Case No. A.16-07-002, Step Increase	3/27/2019	4[b]		522
			$29		**$1,159**
California	Case No. A. 19-07-xxx	TBD	TBD		TBD
Infrastructure Charges Filed					
Tennessee (QIIP, EDI, SEC)		11/16/2018	$2[c]		$19
Missouri (ISRS)		2/20/2019	8		54
			$10		**$73**
Rate Case and Infrastructure Settlements awaiting Regulatory Approval					
Indiana	Case No. 45142	9/14/2018	$18[d]		
	Total Awaiting Final Order:		**$57**		

[a] 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.
[b] Six district step increases are still being reviewed.
[c] The $2 million revenue increase requested is proposed to be offset with savings from the Tax Cuts and Jobs Act savings.
[d] 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

	CALIFORNIA	ILLINOIS	INDIANA	KENTUCKY	MISSOURI
Authorized Rate Base*	$498,135	$883,386	$841,915[b]	$405,704[b]	$1,249,293[b]
Authorized ROE	9.20%[a]	9.79%	9.75%	9.70%[e]	10.00%[e]
Authorized Equity	55.39%[a]	49.80%	49.85%[c]	47.36%[d]	52.80%[d]
Effective Date of Rate Case	1/1/2018[a]	1/1/2017	1/29/2015	8/28/2016	5/28/208

	NEW JERSEY	NEW YORK	PENNSYLVANIA	VIRGINIA	WEST VIRGINIA
Authorized Rate Base*	$2,950,471	$275,463	$3,162,597[b]	$155,747	$652,900[h]
Authorized ROE	9.60%	9.10%	10.00%[e]	9.25%	9.75%
Authorized Equity	54.00%	46.00%	53.75%[d]	46.09%	48.40%[h]
Effective Date of Rate Case	10/29/2018[g]	6/1/2017	1/1/2018	5/24/2017[f]	2/25/2019

*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.

American Water

2019 Closed Acquisitions as of April 25

State	Number of Systems	Water Customer Connections	Wastewater Customer Connections	Total Customer Connections
Indiana	1	2,900	-	2,900
Kentucky	2	400	200	600
Missouri	1	40	-	40
Pennsylvania	1	-	1,100	1,100
Total	5	3,340	1,300	4,740

Note Customer Connections are rounded

American Water

Pending Acquisitions* as of April 25

State	Number of Systems	Water Customer Connections	Wastewater Customer Connections	Total Customer Connections
California	6	12,000	-	12,000
Hawaii	1	-	200	200
Illinois**	5	1,000	29,700	30,700
Indiana	2	3,300	500	3,800
New Jersey	1	-	1,800	1,800
Pennsylvania	6	2,700	9,300	12,000
Missouri	2	-	100	100
Tennessee	1	100	-	100
West Virginia	2	800	-	800
Total	26	19,900	41,600	61,500

* 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

AMERICAN WATER

Reconciliation Table: Consolidated Adjusted Earnings Per Share*

Consolidated Adjusted EPS	For the Twelve Months Ended December 31,			
	2018	2017	2018 vs. 2017	Percentage
Diluted earnings per share (GAAP):				
Net income attributable to common shareholders	**$ 3.15**	**$ 2.38**	**$ 0.77**	
Adjustments:				
Contract Services Gain on Sale	(0.08)	-	(0.08)	
Income tax impact	0.02	-	0.02	
Net adjustment	(0.06)	-	(0.06)	
Keystone Impairment	0.31	-	0.31	
Income tax impact	(0.08)	-	(0.08)	
Net loss attributable to noncontrolling interest	(0.01)	-	(0.01)	
Net adjustment	0.22	-	0.22	
Freedom Industries Insurance Settlement	(0.11)	(0.12)	0.01	
Income tax impact	0.03	0.05	(0.02)	
Net adjustment	(0.08)	(0.07)	(0.01)	
Early Debt Extinguishment at Parent	-	0.03	(0.03)	
Income tax impact	-	(0.01)	0.01	
Net adjustment	-	0.02	(0.02)	
Re-measurement from Tax Reform	0.07	0.70	(0.63)	
Total net adjustments	0.15	0.65	(0.50)	
Adjusted diluted earnings per share (non-GAAP)	**$ 3.30**	**$ 3.03**	**$ 0.27**	**8.9%**

*Amounts may not sum due to rounding

American Water

Reconciliation Table: Consolidated Adjusted Earnings Per Share*

Consolidated Adjusted EPS	For the Twelve Months Ended December 31,		
	2016	2015	2014
Diluted earnings per share (GAAP):			
Net income attributable to common shareholders	**$ 2.62**	**$ 2.64**	**$ 2.35**
Less:			
Loss from discountinued operations, net of tax	-	-	(0.04)
Income from continuing Operations	**2.62**	**2.64**	**2.39**
Freedom Industries Chemical Spill in West Virginia	-	-	0.06
Income tax impact	-	-	(0.02)
Net adjustment	-	-	0.04
Freedom Industries Binding Agreement in Principle	0.36	-	-
Income tax impact	(0.14)	-	-
Net adjustment	0.22	-	-
Adjusted diluted earnings per share (non-GAAP)	**$ 2.84**	**$ 2.64**	**$ 2.43**

*Amounts may not sum due to rounding

Reconciliation Table: Adjusted Earnings Per Share Guidance Range*

Consolidated Adjusted EPS	For the Three Months Ended March 31,			
	2019	2018	2019 vs. 2018	Percentage
Diluted earnings per share (GAAP):				
Net income attributable to common shareholders	**$0.62**	**$ 0.59**	**$ 0.03**	
Adjustment:				
Freedom Industries liability reduction	(0.02)	-	(0.02)	
Income tax impact	0.01	-	0.01	
Net adjustment	(0.01)	-	(0.01)	
Adjusted diluted earnings per share (non-GAAP)	**$0.61**	**$ 0.59**	**$ 0.02**	**3.4%**

Regulated Businesses Adjusted EPS	For the Three Months Ended March 31,			
	2019	2018	2019 vs. 2018	Percentage
Diluted earnings per share (GAAP):				
Net income attributable to common stockholders	**$0.60**	**$ 0.58**	**$ 0.02**	
Adjustment:				
Freedom Industries liability reduction	(0.02)	-	(0.02)	
Income tax impact	0.01	-	0.01	
Net adjustment	(0.01)	-	(0.01)	
Adjusted diluted earnings per share (non-GAAP)	**$0.59**	**$ 0.58**	**$ 0.01**	**1.7%**

2019 EPS Guidance Range	Low End	High End
Diluted earnings per share:		
Earnings guidance range (GAAP)	**$3.55**	**$ 3.65**
Adjustment:		
Freedom Industries liability reduction	(0.02)	(0.02)
Income tax impact	0.01	0.01
Net adjustment	(0.01)	(0.01)
Adjusted earnings guidance range (non-GAAP)	**$3.54**	**$ 3.64**

*Amounts may not sum due to rounding

AMERICAN WATER

Reconciliation Table: Adjusted Return on Equity

($ in millions)

	LTM March 31, 2018	LTM March 31, 2019
Net Income	$439	$574
Adjustments:		
Freedom Industries activities	(22)	(24)
Early Debt Extinguishment at Parent	6	-
Keystone Impairment	-	54
Contract Services Gain on Sale	-	(14)
Tax Impact for items above	7	(5)
Re-measurement from Tax Reform	125	12
Adjusted Net Income from Continuing Operations (a)	**$555**	**$597**
Shareholders' equity	$5,451	$5,932
Adjustments:		
Freedom Industries activities	(22)	(24)
Early Debt Extinguishment at Parent	6	-
Keystone Impairment	-	54
Contract Services Gain on Sale	-	(14)
Tax Impact for items above	7	(5)
Re-measurement from Tax Reform	125	12
Adjusted Shareholders' Equity (b)	**$5,567**	**$5,955**
Adjusted Return on Equity (a/b)	**10.0%**	**10.0%**

Reconciliation Table: Regulated Segment O&M Efficiency Ratio

Regulated Segment O&M Efficiency Ratio (A Non-GAAP Unaudited Number) *($ in millions)*	FY 2010	FY 2012	FY 2014	FY 2016	FY 2017	FY 2018	LTM 3/31/2019
Total operations and maintenance expense	$1,291	$1,330	$1,350	$1,504	$1,378	$1,479	$1,496
Less:							
Operations and maintenance expense – Market Based Operations	257	256	289	372	337	362	380
Operations and maintenance expense – Other	(61)	(56)	(51)	(44)	(50)	(42)	(43)
Total operations and maintenance expense – Regulated Businesses	**$1,095**	**$1,130**	**$1,112**	**$1,176**	**$1,091**	**$1,159**	**$1,159**
Less:							
Regulated purchased water expense	100	110	122	122	128	133	131
Allocation of non-operation and maintenance expenses	29	35	39	30	29	31	32
Impact of Freedom Industries activities	-	-	10	65	(22)	(20)	(24)
Estimated impact of weather	-	5	(2)	-	-	-	-
Adjusted operations and maintenance expense – Regulated Businesses (a)	**$966**	**$980**	**$943**	**$959**	**$956**	**$1,015**	**$1,020**
Total operating revenues	$2,555	$2,854	$3,011	$3,302	$3,357	$3,440	$3,493
Less:							
Operating Revenues – Market Based Operations	295	307	355	451	422	476	511
Operating Revenues – Other	(26)	(17)	(18)	(20)	(23)	(20)	(21)
Total pro forma operating revenues – Regulated Businesses	**$2,286**	**$2,564**	**$2,674**	**$2,871**	**$2,958**	**$2,984**	**$3,003**
Less:							
Regulated Purchased Water expense*	100	110	122	122	128	133	131
Plus:							
Freedom Industries chemical spill in West Virginia	-	-	1	-	-	-	-
Estimated impact of weather	-	(47)	17	-	-	-	-
Adjusted pro forma operating revenues—Regulated Businesses (b)	**$2,186**	**$2,407**	**$2,570**	**$2,749**	**$2,830**	**$2,851**	**$2,872**
Adjusted O&M efficiency ratio—Regulated Businesses (a)/(b)	**44.2%**	**40.7%**	**36.7%**	**34.9%**	**33.8%**	**35.6%**	**35.5%**

Adjusted operations and maintenance expense – Regulated Businesses	**$966**	**$980**	**$943**	**$959**	**$956**
Less:					
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 impact of 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*
**** Includes the impact of the Company's adoption of ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit, on January 1, 2018.*