American Water

2019 Third Quarter Earnings Conference Call

We keep life flowing®

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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.

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Strategy Overview

Susan Story

President and Chief Executive Officer

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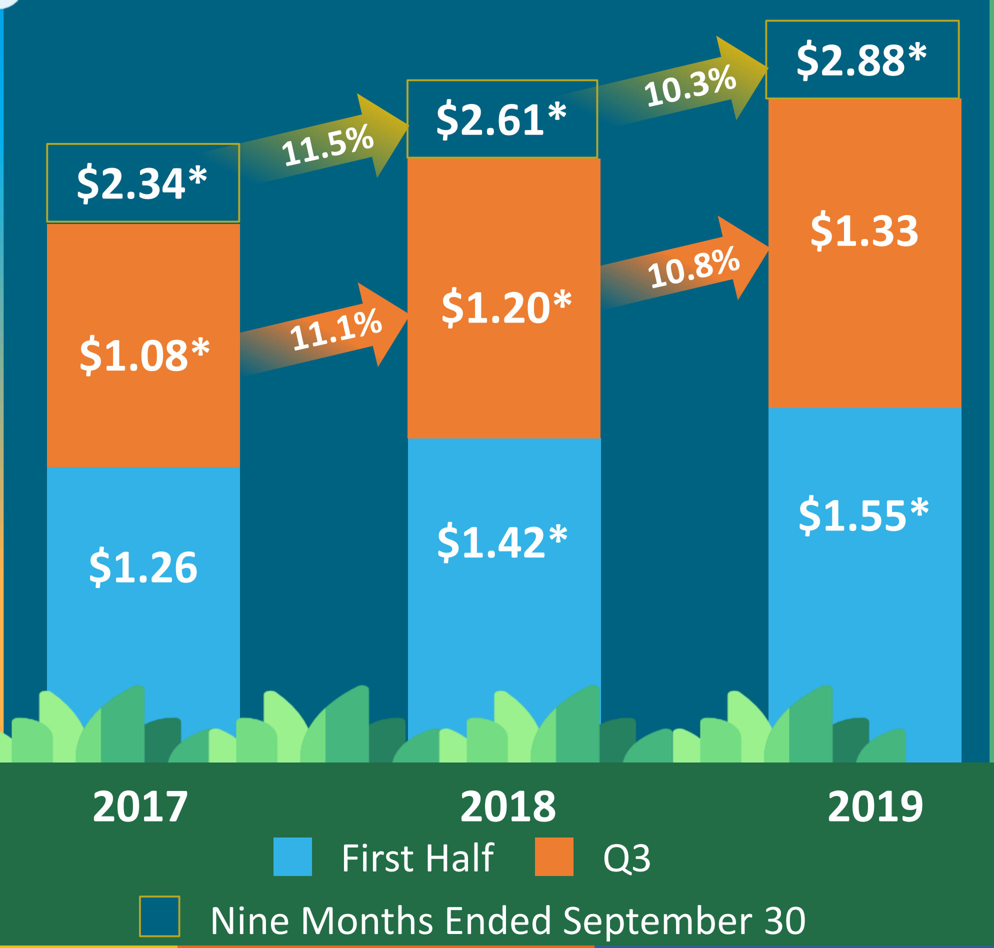
Strong Financial Performance and Growth

Adjusted Earnings Growth**



Highlights

- Achieving solid business results consistently
- Continuing regulated business growth fueled by infrastructure investments and regulated acquisitions
- Delivering strong results from Market-Based Businesses, adding two military bases:
  - Joint Base San Antonio (Randolph Air Force Base, Fort Sam Houston, Camp Bullis, and Lackland Air Force Base)
  - West Point Military Academy
- Narrowing 2019 EPS guidance to an adjusted range of $3.56-$3.64*

** Adjusted EPS is a Non-GAAP Measure. Please see appendix for reconciliation and further information.*
*** Amounts may not sum due to rounding*

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

2019 YTD Regulated Acquisitions

- Closed 46,900 customer connections
- Signed and pending 26,400 customer connections
- Strong pipeline continues
- $200 million invested in regulated acquisitions

Regulated Investment as of September 30, 2019

- ≈$1.2 billion invested in regulated capital investment; expecting ≈$1.7 billion in 2019
- Organic growth 10,400 customer connections
- 35.0%** O&M efficiency ratio
- Deployed and developed technology to improve customer service & reliability

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%

Market-Based Businesses as of September 30, 2019

Homeowner Services
- Continued strong performance

Military Services
- Awarded two bases in Q3 2019:
  - ✓Joint Base San Antonio
  - ✓West Point Military Academy

** 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 September 30, 2019. Non-GAAP measure: please see reconciliation table in appendix.*

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The Regulated Businesses

Walter Lynch

Chief Operating Officer

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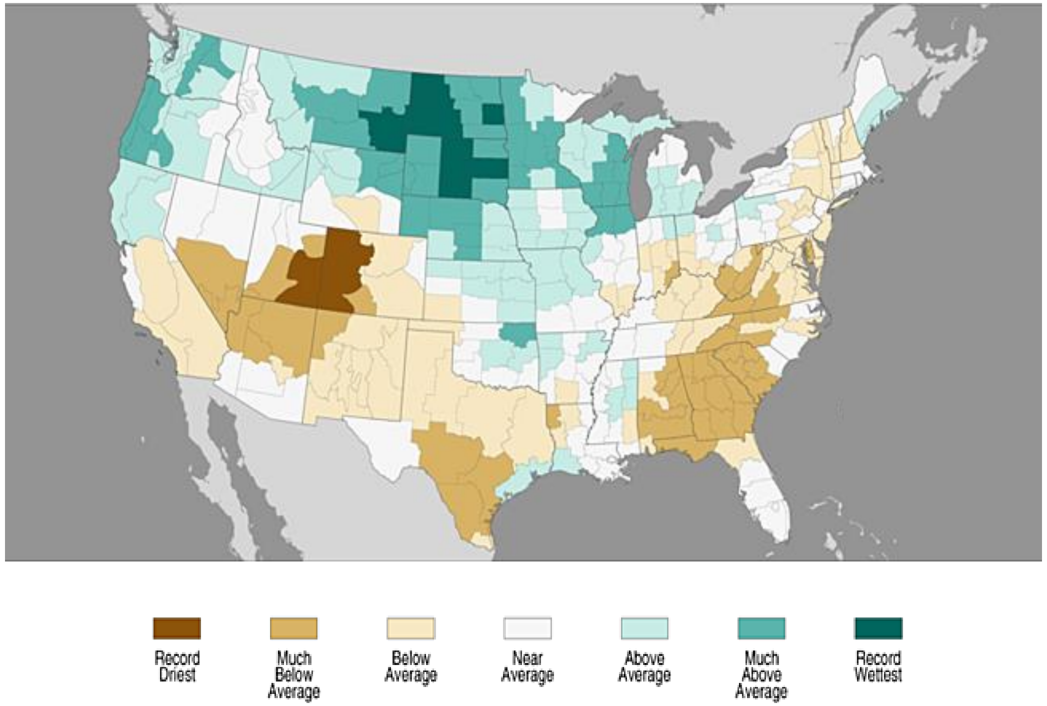
Regulated Business Experienced *Normal* Weather in the Third Quarter

2019 Third Quarter
Average Precipitation
(Period: 1895-2019)



2019 Third Quarter

- No Weather impact overall
  - ➢ Above average precipitation in MO offset by below average precipitation in NJ

2019 Second Quarter

- $0.05 EPS unfavorable impact quarter over quarter*
  - ➢ 2019 had the most rain since records began 124 years ago

Weather Data Source: NOAA National Climatic Data Center
** Weather impact represented $0.01 earnings per share from second quarter 2018 and $0.04 earnings per share from second quarter 2019*

Regulated Business Activity

Pending Rate Cases

Virginia Rate Case – Filed November 2, 2018

- Capital Investment of ≈$98 million
- Requested ROE 10.8%
- Interim rates effective May 1st

California Rate Case – Filed July 1, 2019

- Capital Investment of ≈$197 million
- ROE previously set in separate Cost of Capital Decision
- Rates covering 2021 through 2023

Legislative Update

Indiana Legislation

- HEA 1406 – Water Infrastructure Funding (effective 7/1/19)
- SEA 4 – Strengthening Indiana's Water Commitment (effective 7/1/19)
- SEA 472 – Offered Utility Statute (effective May, 2019)

Pennsylvania Legislation - Effective Dec. 2018)

- Act 120 – Inclusion of Lead Service Line Replacement into rate base

Regulated Acquisitions Update

Signed & Pending ≈ 26,400 Customer Connections

24 Signed/Pending Acquisitions

CA: 6	IL: 8	NJ: 1	WV: 1
HI: 1	IN: 1	PA: 1	
IA: 1	MO: 3	TN: 1	

2019 Closed* ≈ 46,900** Customer Connections

19 acquisitions in 8 states

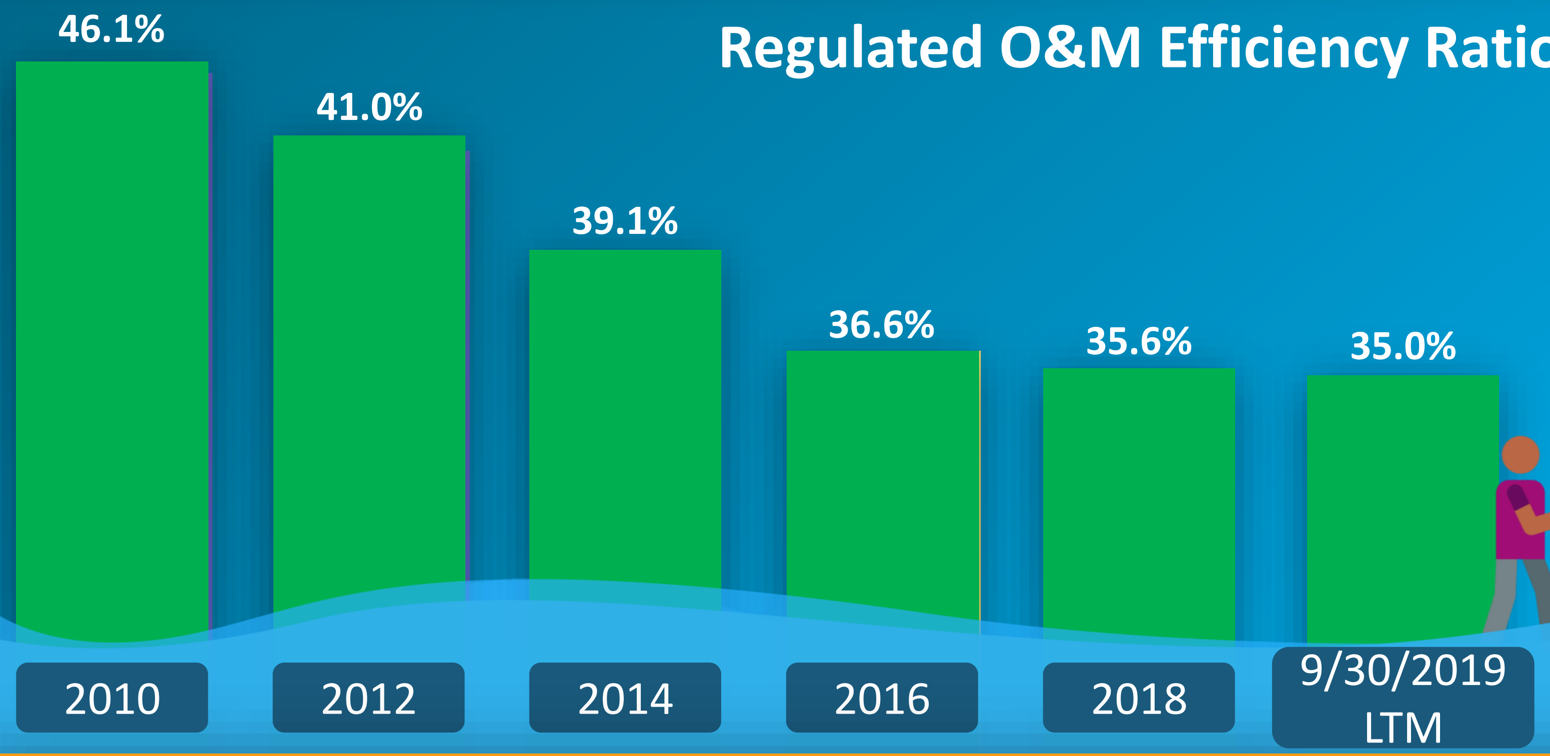
Alton, IL Wastewater ≈ 23,000 connections**	**Exeter, PA** Wastewater ≈ 9,000 connections
Steelton, PA Water ≈ 2,400 connections	**Lake Station, IN** Water ≈ 3,300 connections

** As of 10/30/2019*

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

Disciplined Focus on Expenses

Regulated O&M Efficiency Ratio*



2023 Target
31.5%**

Adjusted O&M Expenses* ($ in millions)

2010	2012	2014	2016	2018	9/30/2019 LTM
$966	$980	$943	$948	$1,015	$1,016

2010-2019 LTM
0.6% CAGR

While *adding* **≈338,000** customers

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

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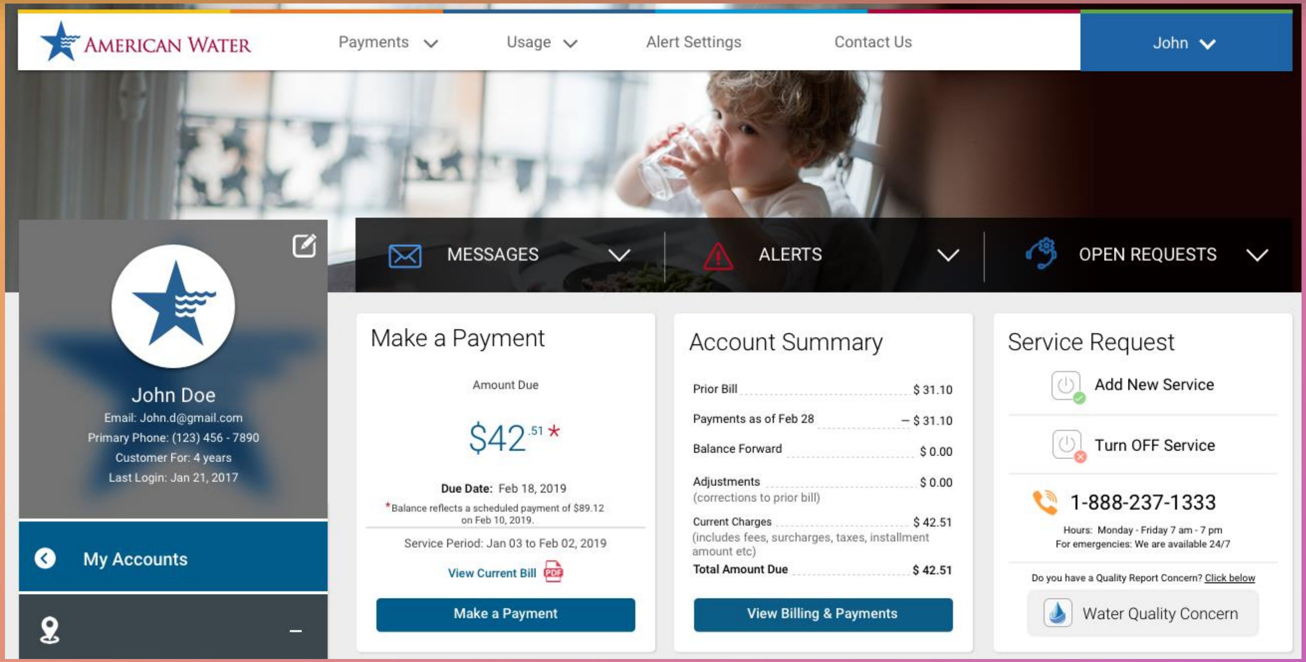
Customer “myWater” available in *All* Regulated States



Benefits

- Allows our Customer Service Representatives to improve customer engagement through more customer usage data
- Increased transparency to customers
- Improved customer experiences

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Financial Results & Long-Term Outlook

Susan Hardwick

Chief Financial Officer

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Solid Quarter Results and Highlights

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Q3 2019

Contribution by Business

	Three Months Ended 9/30/2019	Three Months Ended 9/30/2018	Change
Regulated	$1.30	$1.18	$0.12
Market Based	$0.12	$0.12*	-
Parent & Other	($0.09)	($0.10)	$0.01
Total Adjusted EPS*	**$1.33**	**$1.20**	**$0.13**
Keystone Impairment	-	($0.22)	
CSG Gain on Sale	-	$0.06	
Total GAAP EPS	**$1.33**	**$1.04**	**$0.29**

YTD 2019

Contribution by Business

	Nine Months Ended 9/30/2019	Nine Months Ended 9/30/2018	Change
Regulated	$2.76*	$2.61*	$0.15
Market Based	$0.35	$0.26*	$0.09
Parent & Other	($0.23)	($0.26)	$0.03
Total Adjusted EPS*	**$2.88**	**$2.61**	**$0.27**
Freedom Industries settlement activities	$0.01	$0.08	
Keystone Impairment	-	($0.22)	
CSG Gain on Sale	-	$0.06	
Total GAAP EPS	**$2.89**	**$2.53**	**$0.36**

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

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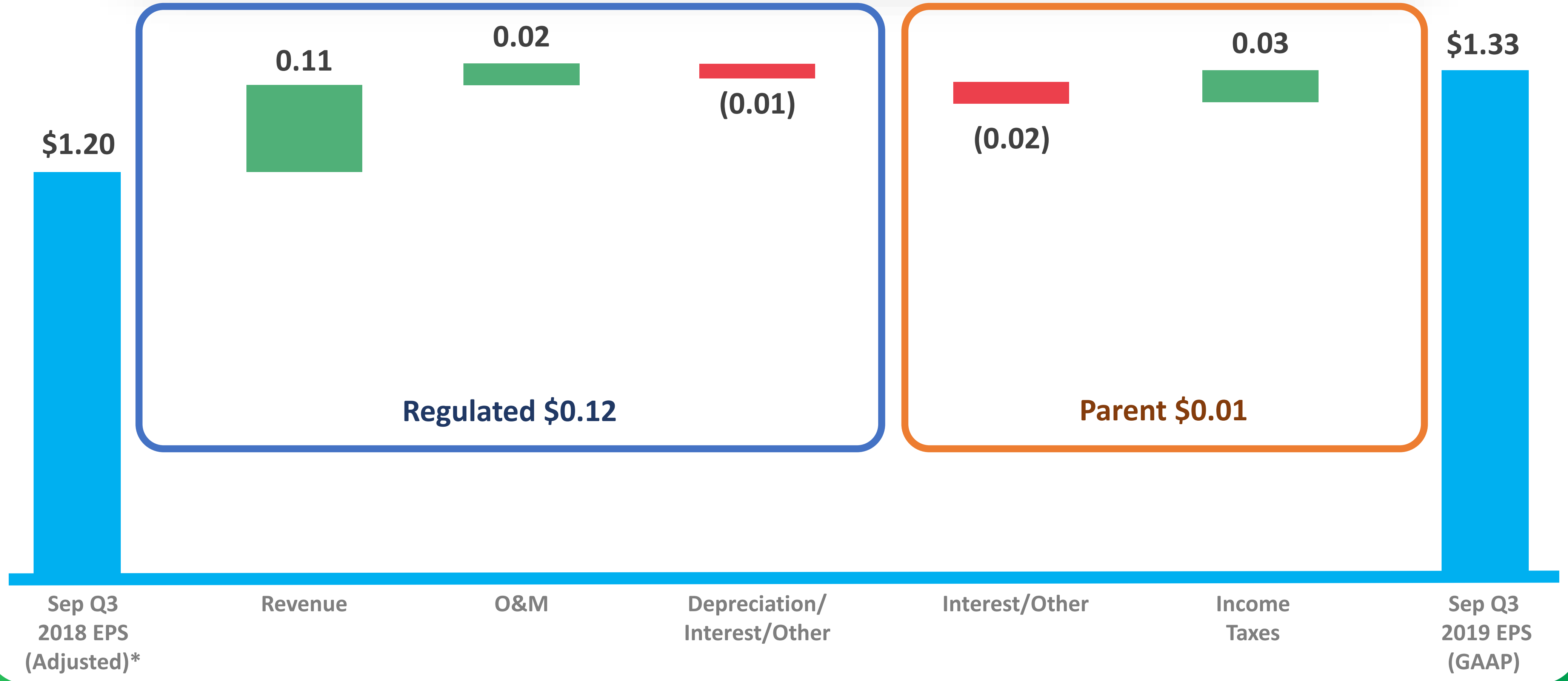
Strong Third Quarter Results

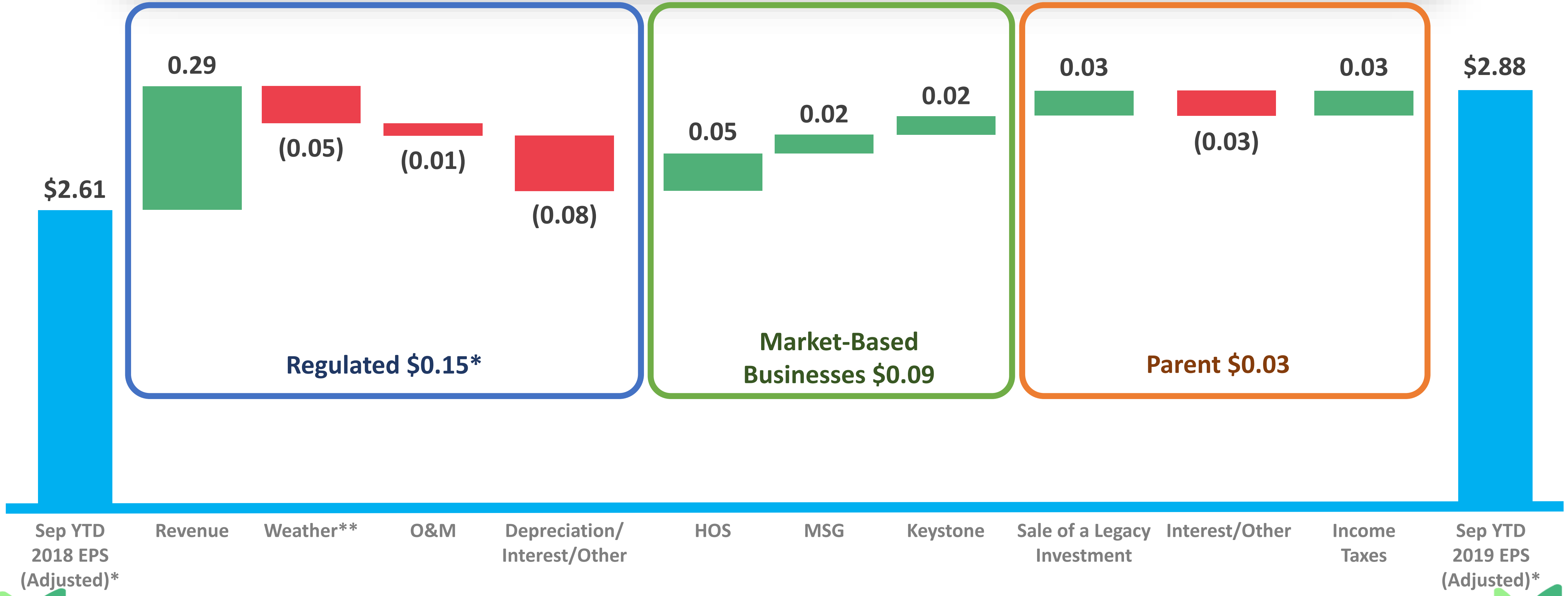
Adjusted EPS Increased **10.8%** quarter over quarter



** Adjusted EPS is a non-GAAP Measure. Please see appendix for Q3 2018 EPS reconciliation and further information.*
Note: Market-Based businesses reported strong results for the quarter, similar to the prior year.

Continued Strong Year-to-Date Results

Adjusted EPS Increased 10.3% year over year, even with unusually wet weather in Q2



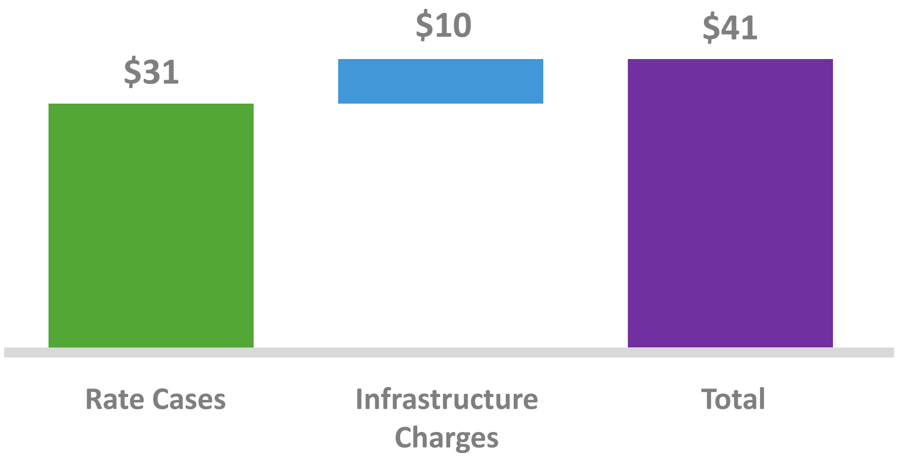
** Adjusted EPS is a non-GAAP Measure. Please see appendix for EPS reconciliation and further information.*
*** Weather impact represents $0.01 from second quarter 2018 and $0.04 from second quarter 2019*

Rate Filings Completed and Awaiting Final Order

($ in millions)

Rate Filings Completed*

Requested Revenue Awaiting Final Order



*Annualized Revenue Increase for Rates Effective Since January 1

Narrowing 2019 EPS Guidance

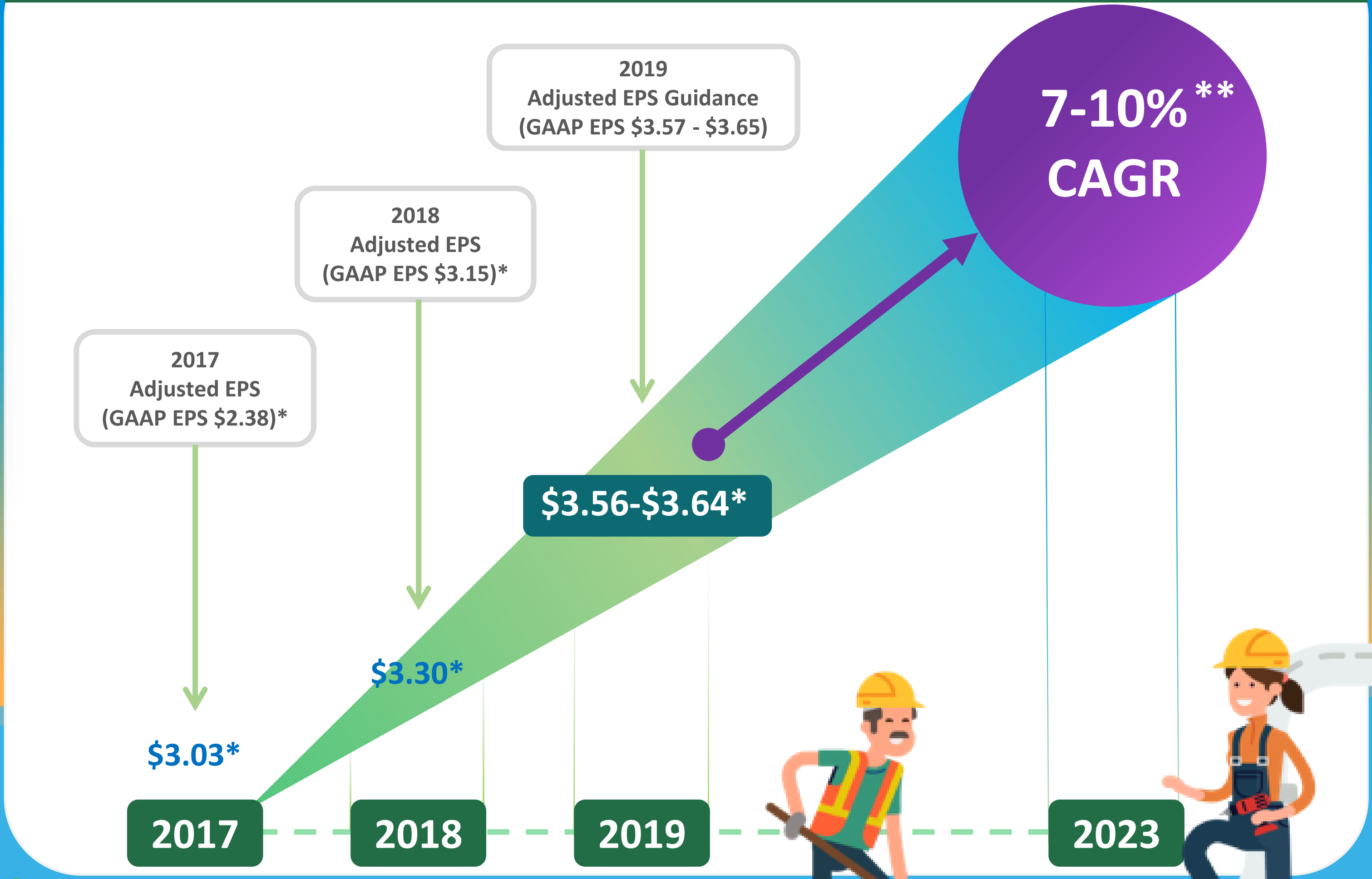
Grow EPS long-term CAGR at top half of 7-10%*
… One of the fastest growing utilities in the nation

Narrowed 2019 EPS Guidance

Adjusted: $3.56 - $3.64*

GAAP: $3.57 - $3.65

2019 – 2023 Long-Term EPS CAGR Guidance**



Adjusted EPS and Adjusted EPS Guidance are 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).*

Creating Shareholder Value

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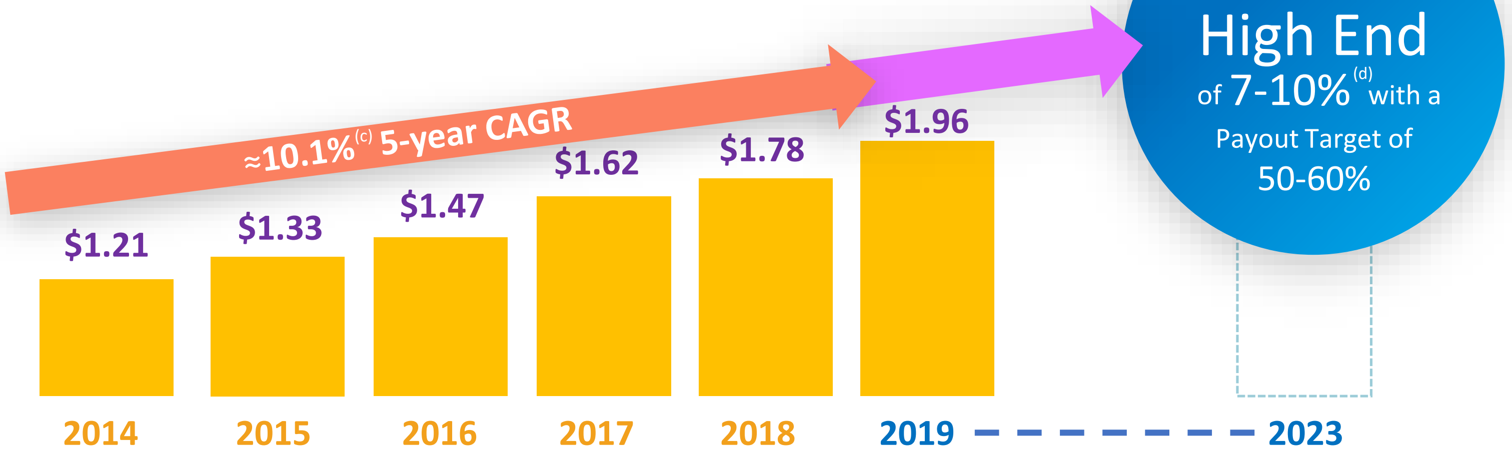
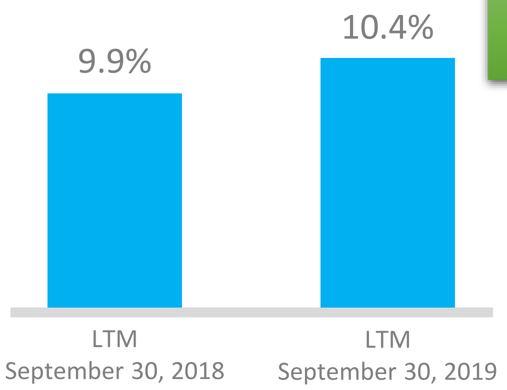
Dividend Growth[b]



AWK Shareholder Value
Adjusted Consolidated Return on Equity[a]



Regulated Wt Avg authorized ROE is 9.8%

Total Shareholder Return
(Price + Dividend) as of 9/30/2019

	One Year	Three Year	Five Year
American Water	43.9%	76.3%	186.2%
UTY Index	27.6%	48.2%	84.8%
S&P 500	4.3%	45.8%	67.2%

(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).*

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Concluding Remarks

Susan Story

President and Chief Executive Officer

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American Water

Water's Impact on Health and Environment

PFAS/PFOA

"Before DuPont and 3M hearing in Congress, activists highlight companies' history with PFAS"
August 28, 2019, The Philadelphia Inquirer

"EPA floats two rules to increase oversight of PFAS"
September 25, 2019 , Bloomberg Environment

"Drinking water serving 7.5 million Californians has been contaminated with toxic PFAS, new report says"
September 27, 2019, The Citizens

Lead

"Worries over lead contaminated drinking water in Newark, NJ"
August 22, 2019, Windermere Sun

"Driven by Flint water crisis, EPA issues new rule to tackle lead in drinking water"
October 10, 2019, ABC News

"Parents express concern over handling of lead in water issue"
August 31, 2019, Cleveland Daily Banner

Cyanotoxins

"Local officials remind residents to keep pets and people safe around blue-green algae"
August 29, 2019, Lake County Record-Bee

"Algae in Ohio lakes a 'problem we have to solve,' local expert says"
August 27, 2019, Dayton Daily News

"Monmouth County Officials Issue Warning About Harmful Algae Bloom On Manasquan Reservoir"
August 21, 2019, CBS New York

Legionella

"Bacteria that causes Legionnaires' detected in Northport VA faucets"
September 25, 2019, Newsday

"Lawsuit blames Watkins Glen Harbor Hotel for woman's death due to Legionnaires'"
September 25, 2019, WENY News

"63 confirmed cases of Legionnaires' disease in NC, SC, health officials say"
September 28, 2019, WBTW News 13

Q&A Session

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Upcoming Events

EEI Financial Conference
November 10-12, 2019
Orlando, FL

American Water 2019 Investor Day
December 11, 2019
Location: Convene at 237 Park Avenue
New York, NY

To attend in person, please register through our website at ir.amwater.com

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Appendix

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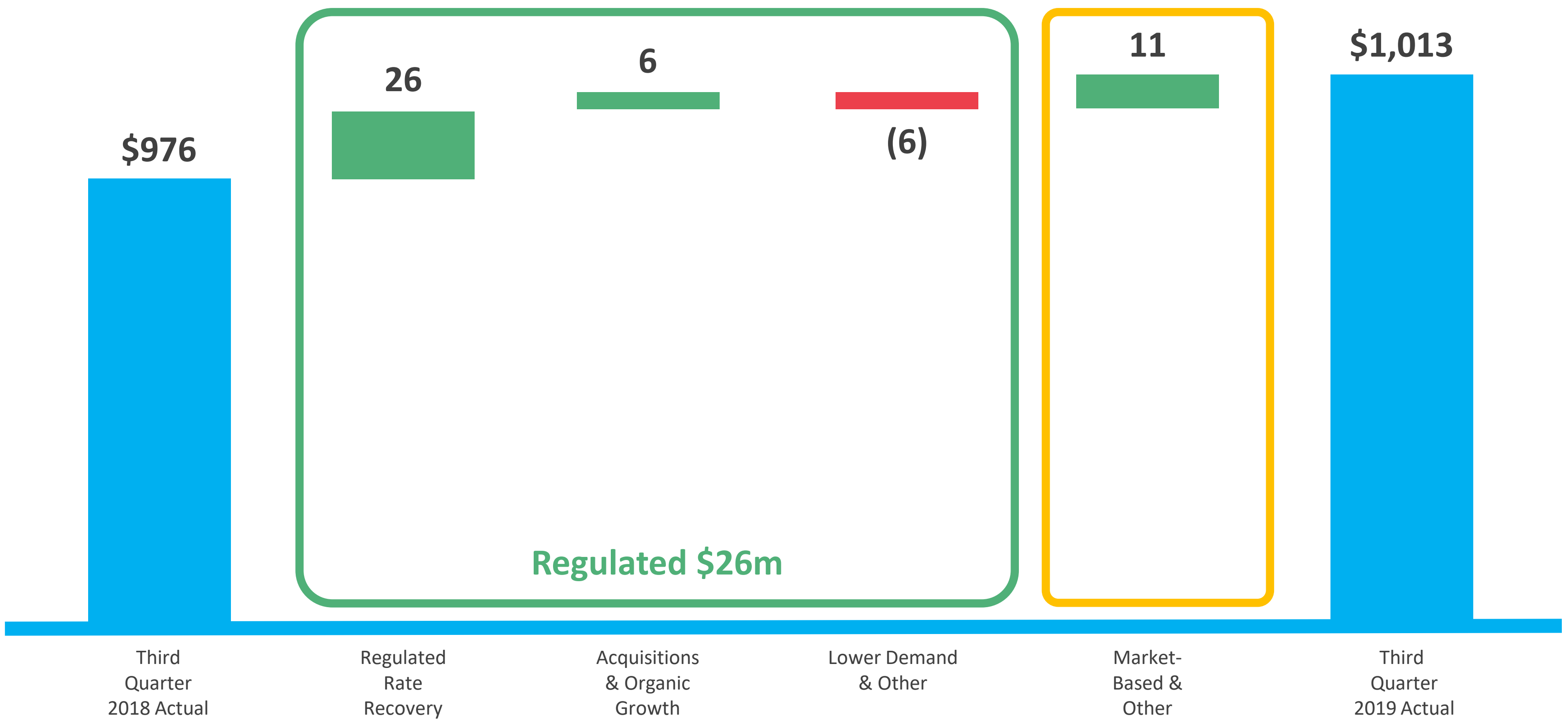
Forward-Looking Statements

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 the Company's projected rate base, growth, results of operations and financial condition; the Company's projected regulated operation and maintenance efficiency ratio; macro trends; the Company's ability to execute its 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 the Company's 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 the Company's 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 the Company's water supplies or sources of water, or restrictions on its 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 and regulatory proceedings, investigations or actions; exposure or infiltration of the Company's technology and critical infrastructure systems through physical or cyber attacks or other means; the Company's ability to control operating expenses and to achieve efficiencies in its operations; the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or water provided to its customers; the Company's ability to successfully meet growth projections for its businesses and capitalize on growth opportunities, including its 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 the Company's market-based businesses, and realize anticipated benefits and synergies from new acquisitions; the Company's exposure to liabilities related to environmental laws and similar matters; 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 the Company's ability to utilize its U.S. federal and state income tax net operating loss carryforwards; and other factors as may be set forth in the Company's 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 the Company's 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 this presentation was first used or given. The Company does not have and does not 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 the Company's 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.

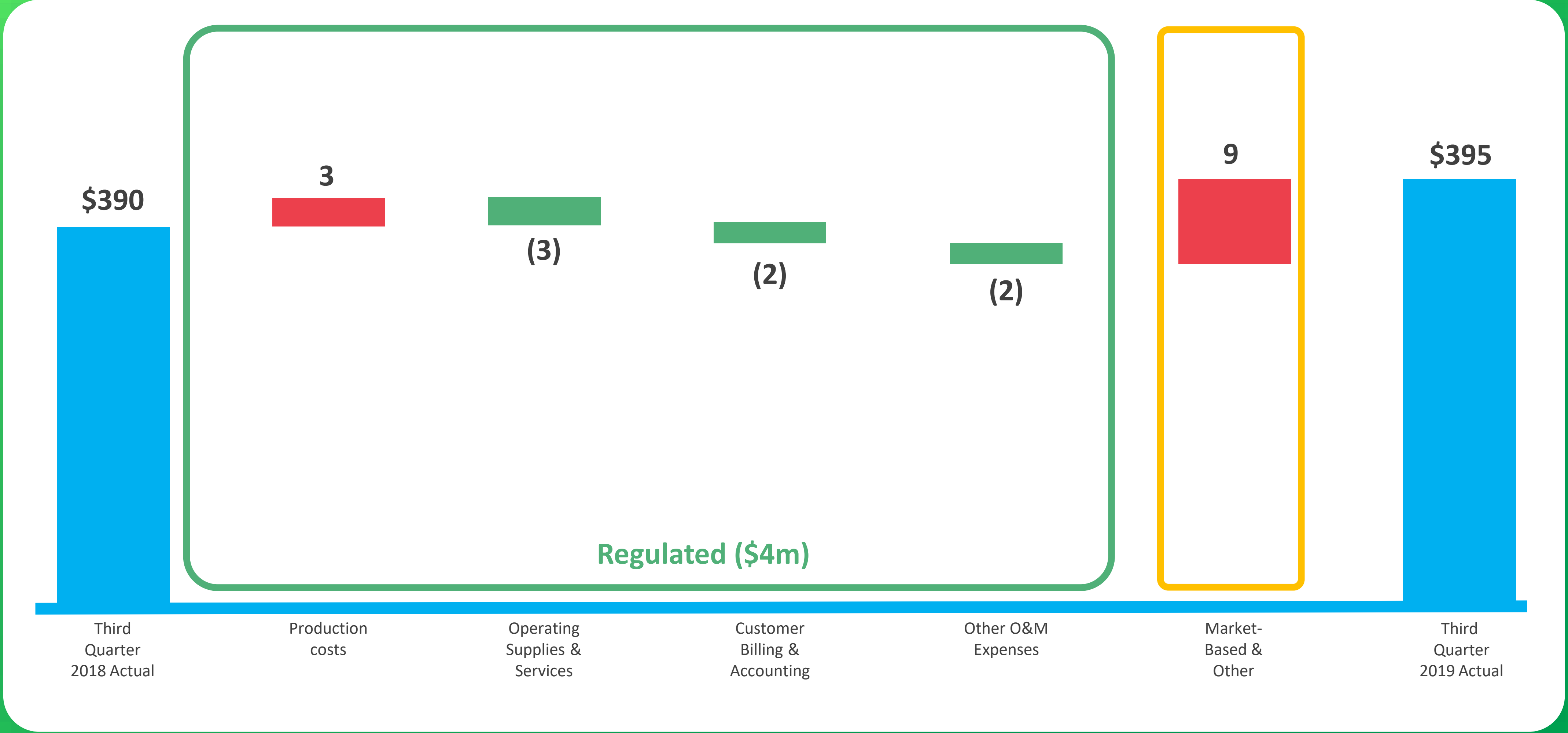
2019 Third Quarter Revenue Breakdown

($ in millions)



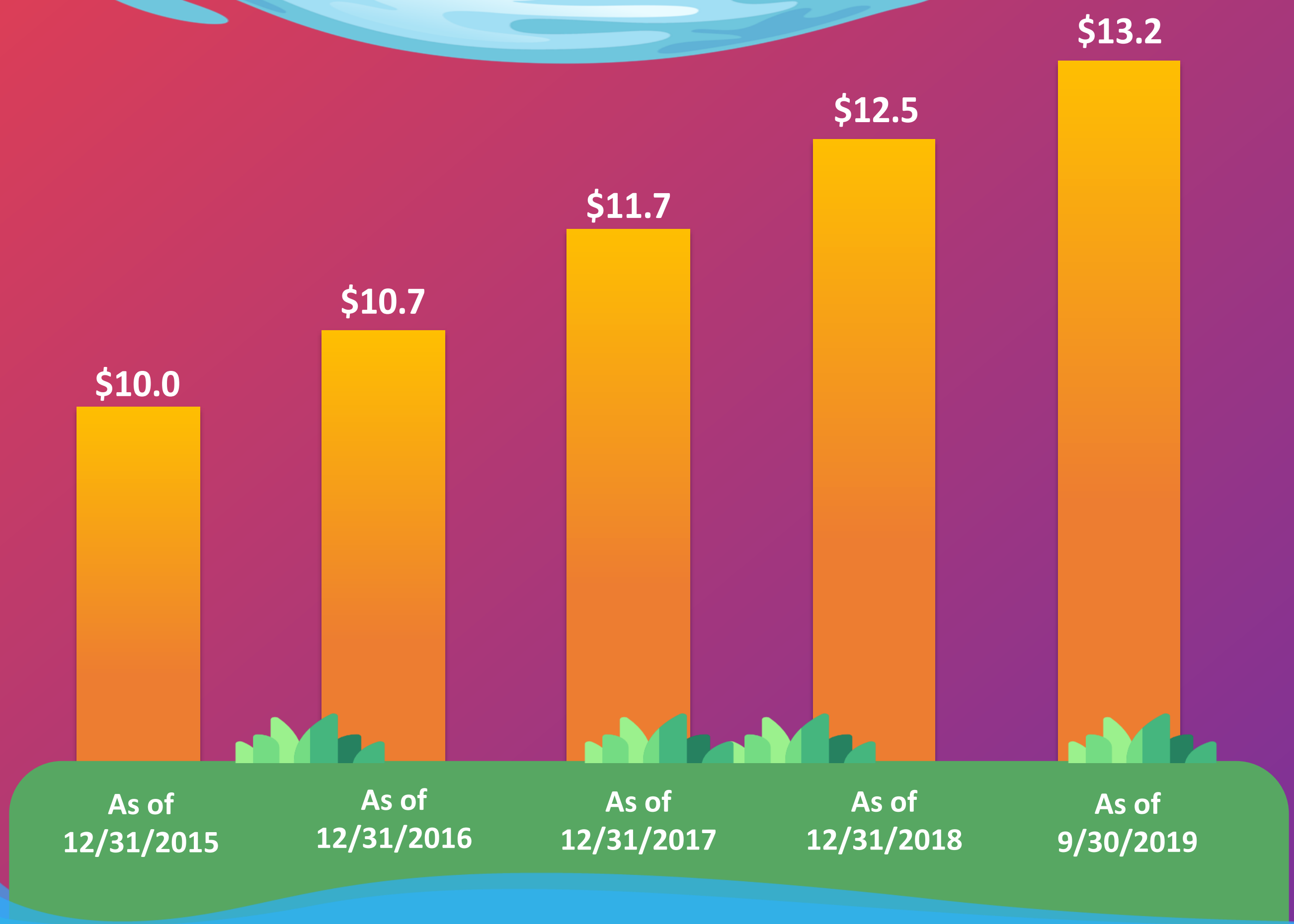
2019 Third Quarter O&M *Expense* Breakdown

($ in millions)



Rate Base Calculation*

($ in millions)



Estimated Rate Base*	As of 9/30/2019
Net Utility Plant	$18.0
Less	
Advances for Construction	$0.2
CIAC – Contributions in Aid of Construction	$1.3
Net Deferred income taxes***	$3.2
	$4.8
Total Estimated Rate Base	**$13.2**

≈7-8%**

Expected Rate base CAGR through 2023

*An approximation of rate base, which includes Net Utility Plant not yet included in rate base pending rate case filings/outcomes. Amounts may not sum due to rounding

**Anchored off of 2017 rate base

*** Includes the regulatory liability established to normalize the impact of tax rate changes under the Tax Cuts and Jobs Act

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Rates Effective since January 1, 2019

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases Effective in 2019
Maryland	2/5/2019	$1[a]
West Virginia	2/25/2019	19[b]
New York	4/1/2019	4[c]
California	5/11/2019	4[d]
Kentucky	6/28/2019	13
Indiana	7/1/2019	4[e]
		$45
Infrastructure Charges		
Illinois (QIP)	1/1/2019	$8
West Virginia (DSIC)	1/1/2019	2
Pennsylvania (DSIC)	4/1/2019	2
Missouri (ISRS)	6/24/2019	9
New Jersey (DSIC)	7/1/2019	15
Pennsylvania (DSIC)	7/1/2019	3
New York (SIC)	8/1/2019	2
Tennessee (QIIP, EDI, SEC)	9/1/2019	1
Pennsylvania (DSIC)	10/1/2019	6
		$48
	Total	**$93**

[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.
[d] 2019 step rate increases approved effective May 11, 2019. On August 23rd, 2019 CAW filed a tier 2 advice letter to request a true-up of interim rates. This interim rate true-up included differences between interim rates and adopted rates from the beginning of test year 2018 through the 2019 escalation year up to the May 11, 2019 effective date of step rates. If authorized, the relief requested would become effective on September 22, 2019.
[e] The overall increase is $17.5 million in revenues combined over two steps, the first step is effective 7/1/2019 in the amount of $4.4 million and the second step should be effective 5/1/2020 in the amount of $13.1.

Rate Filings Awaiting Final Order

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
California	Case No. A. 19-07-xxx	7/1/2019	26[b]		689
			$31		**$885**

Infrastructure Charges Filed					
West Virginia (DSIC)		6/28/2019	$4 [c]		$41
Missouri (ISRS)		8/26/2019	6		55
			$10		**$96**
	Total Awaiting Final Order:		**$41**		

[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] Test Year 2021 revenue requirement requests an increase of $26.0 million. This excludes the step rate and attrition rate increase for 2022 and 2023 of $9.8 million and $10.8 million, respectively. The total revenue requirement request for the three year rate case cycle is $46.6 million.
[c] The DSIC revenue requirement is $3.7 million increase which is offset by $0.1 million related to Boone-Raleigh Acquisition Settlement adjustment.

Regulated Utilities: Rate Base & Authorized Return on Equity

	CALIFORNIA	ILLINOIS	INDIANA	KENTUCKY	MISSOURI
Authorized Rate Base*	$498,135	$883,386	$1,061,192	$443,654	$1,249,293[b]
Authorized ROE	9.20%[a]	9.79%	9.80%	9.70%[e]	10.00%[e]
Authorized Equity	55.39%[a]	49.80%	53.41%[c]	48.90%	52.80%[d]
Effective Date of Rate Case	1/1/2018[a]	1/1/2017	7/1/2019	6/28/2019	5/28/2018

	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 October 30, 2019

State	Number of Systems	Water Customer Connections	Wastewater Customer Connections	Total Customer Connections
California	1	500	-	500
Illinois**	3	500	23,500	24,000
Indiana	2	6,200	-	6,200
Kentucky	2	400	200	600
Missouri	4	100	100	200
New Jersey	1	-	1,800	1,800
Pennsylvania	5	2,700	10,400	13,100
West Virginia	1	500	-	500
Total	19	10,900	36,000	46,900

* 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

Pending Acquisitions* as of October 30, 2019

State	Number of Systems	Water Customer Connections	Wastewater Customer Connections	Total Customer Connections
California	6	12,500	-	12,500
Hawaii	1	-	200	200
Iowa	1	100	-	100
Illinois	8	1,100	8,600	9,700
Indiana	1	-	500	500
Missouri	3	-	100	100
New Jersey	1	-	2,800	2,800
Pennsylvania	1	-	50	50
Tennessee	1	150	-	150
West Virginia	1	300	-	300
Total	24	14,150	12,250	26,400

* Customer Connections are rounded

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American Water's historical adjustments to GAAP

Recurring transactions typically included in our annual guidance, some of which can result in quarterly variability:

* Acquisition related expenses
* Compensation adjustments which are typically timing and driven by accounting standards
* Insurance expense variability primarily driven by claims activity
* Land sales within the regulated footprint
* Legal expense variability
* Tax adjustments which are largely timing in nature, driven by accounting standards
* Certain Regulatory outcomes that are not unusual or precedent setting

Five Year History of Adjustments, where material, to GAAP results for reporting purposes:

* Gain on Sale of a Business Line or Segment
* Impairments of a Business Line or Segment
* Legal settlements and associated activities
* Debt Extinguishments
* Material tax law changes

Consolidated Adjusted EPS	**For the Nine Months Ended September 30,**	**For the Twelve Months Ended December 31,**					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Diluted earnings per share (GAAP):							
Net income attributable to common shareholders	**$2.89**	**$3.15**	**$2.38**	**$2.62**	**$2.64**	**$2.39**	**$2.07**
Adjustments:							
Gain on sale of portion of Contract Services Group contracts	-	(0.08)	-	-	-	-	-
Income tax impact	-	0.02	-	-	-	-	-
Net adjustment	-	(0.06)	-	-	-	-	-
Keystone Impairment	-	0.31	-	-	-	-	-
Income tax impact	-	(0.08)	-	-	-	-	-
Net loss attributable to noncontrolling interest	-	(0.01)	-	-	-	-	-
Net adjustment	-	0.22	-	-	-	-	-
Freedom Industries Settlement Activities	(0.02)	(0.11)	(0.12)	0.36	-	0.06	-
Income tax impact	0.01	0.03	0.05	(0.14)	-	(0.02)	-
Net adjustments	(0.01)	(0.08)	(0.07)	0.22	-	0.04	-
Early Debt Extinguishment at Parent	-	-	0.03	-	-	-	0.19
Income tax impact	-	-	(0.01)	-	-	-	(0.05)
Net adjustments	-	-	0.02	-	-	-	0.14
Impact of re-measurement from the TCJA	-	0.07	0.70	-	-	-	-
Total net adjustments	(0.01)	0.15	0.65	0.22	-	0.04	0.14
Adjusted diluted earnings per share (non-GAAP)	**$2.88**	**$3.30**	**$3.03**	**$2.84**	**$2.64**	**$2.43**	**$2.21**

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Reconciliation Table: Consolidated Adjusted Earnings Per Share*

Consolidated Adjusted EPS	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2018	2017	2018 vs. 2017	Percentage	2018	2017	2018 vs. 2017	Percentage
Diluted earnings per share (GAAP):								
Net income attributable to common shareholders	$ 1.04	$ 1.13	$ (0.09)		$ 2.53	$ 2.39	$ 0.14	
Adjustments:								
Gain on sale of portion of Contract Services Group contracts	(0.08)	-	(0.08)		(0.08)	-	(0.08)	
Income tax impact	0.02	-	0.02		0.02	-	0.02	
Net adjustment	(0.06)	-	(0.06)		(0.06)	-	(0.06)	
Keystone Impairment	0.31	-	0.31		0.31	-	0.31	
Income tax impact	(0.08)	-	(0.08)		(0.08)	-	(0.08)	
Net loss attributable to noncontrolling interest	(0.01)	-	(0.01)		(0.01)	-	(0.01)	
Net adjustment	0.22	-	0.22		0.22	-	0.22	
Freedom Industries Insurance Settlement	-	(0.12)	0.12		(0.11)	(0.12)	0.01	
Income tax impact	-	0.05	(0.05)		0.03	0.05	(0.02)	
Net adjustments	-	(0.07)	0.07		(0.08)	(0.07)	(0.01)	
Early Debt Extinguishment at Parent	-	0.03	(0.03)		-	0.03	(0.03)	
Income tax impact	-	(0.01)	0.01		-	(0.01)	0.01	
Net adjustment	-	0.02	(0.02)		-	0.02	(0.02)	
Total net adjustments	0.16	(0.05)	0.21		0.08	(0.05)	0.13	
Adjusted diluted earnings per share (non-GAAP)	$ 1.20	$ 1.08	$ 0.12	11.1%	$ 2.61	$ 2.34	$ 0.27	11.5%

Consolidated Adjusted EPS	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2019	2018	2019 vs. 2018	Percentage	2019	2018	2019 vs. 2018	Percentage
Diluted earnings per share (GAAP):								
Net income attributable to common shareholders	$ 1.33	$ 1.04	$ 0.29		$ 2.89	$ 2.53	$ 0.36	
Adjustments:								
Gain on sale of portion of Contract Services Group contracts	-	(0.08)	0.08		-	(0.08)	0.08	
Income tax impact	-	0.02	(0.02)		-	0.02	(0.02)	
Net adjustment	-	(0.06)	0.06		-	(0.06)	0.06	
Keystone Impairment	-	0.31	(0.31)		-	0.31	(0.31)	
Income tax impact	-	(0.08)	0.08		-	(0.08)	0.08	
Net loss attributable to noncontrolling interest	-	(0.01)	0.01		-	(0.01)	0.01	
Net adjustment	-	0.22	(0.22)		-	0.22	(0.22)	
Freedom Industries Insurance Settlement	-	-	-		(0.02)	(0.11)	0.09	
Income tax impact	-	-	-		0.01	0.03	(0.02)	
Net adjustments	-	-	-		(0.01)	(0.08)	0.07	
Total net adjustments	-	0.16	(0.16)		(0.01)	0.08	(0.09)	
Adjusted diluted earnings per share (non-GAAP)	$ 1.33	$ 1.20	$ 0.13	10.8%	$ 2.88	$ 2.61	$ 0.27	10.3%

*Amounts may not sum due to rounding

Reconciliation Table: Adjusted Earnings Per Share Guidance Range*

Regulated Businesses Adjusted EPS	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2019	2018	2019 vs. 2018	Percentage	2019	2018	2019 vs. 2018	Percentage
Diluted earnings per share (GAAP):								
Net income attributable to common shareholders	**$ 1.30**	**$ 1.18**	**$ 0.12**		**$ 2.77**	**$ 2.69**	**$ 0.08**	
Adjustments:								
Freedom Industries Insurance Settlement	-	-	-		(0.02)	(0.11)	0.09	
Income tax impact	-	-	-		0.01	0.03	(0.02)	
Net adjustments	-	-	-		(0.01)	(0.08)	0.07	
Total net adjustments	-	-	-		**(0.01)**	**(0.08)**	0.07	
Adjusted diluted earnings per share (non-GAAP)	**$ 1.30**	**$ 1.18**	**$ 0.12**	**10.2%**	**$ 2.76**	**$ 2.61**	**$ 0.15**	**5.7%**

Market-Based Businesses Adjusted EPS	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2019	2018	2019 vs. 2018	Percentage	2019	2018	2019 vs. 2018	Percentage
Diluted earnings per share (GAAP):								
Net income attributable to common stockholders	**$ 0.12**	**$ (0.04)**	**$ 0.16**		**$ 0.35**	**$ 0.10**	**$ 0.25**	
Adjustments:								
Gain on sale of portion of Contract Services Group contracts	-	(0.08)	0.08		-	(0.08)	0.08	
Income tax impact	-	0.02	(0.02)		-	0.02	(0.02)	
Net adjustment	-	(0.06)	0.06		-	(0.06)	0.06	
Keystone Impairment	-	0.31	(0.31)		-	0.31	(0.31)	
Income tax impact	-	(0.08)	0.08		-	(0.08)	0.08	
Net loss attributable to noncontrolling interest	-	(0.01)	0.01		-	(0.01)	0.01	
Net adjustment	-	0.22	(0.22)		-	0.22	(0.22)	
Total net adjustments	-	0.16	(0.16)		-	0.16	(0.16)	
Adjusted diluted earnings per share (non-GAAP)	**$ 0.12**	**$ 0.12**	**$ -**	**0.0%**	**$ 0.35**	**$ 0.26**	**$ 0.09**	**34.6%**

2019 EPS Guidance Range	Low End	High End
Diluted earnings per share:		
Earnings guidance range (GAAP)	**$ 3.57**	**$ 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)	**$ 3.56**	**$ 3.64**

*Amounts may not sum due to rounding

Reconciliation Table: Adjusted Return on Equity

	LTM September 30, 2018	LTM September 30, 2019
Net Income	$454	$635
Adjustments:		
Freedom Industries activities	(20)	(4)
Keystone Impairment	54	-
Contract Services Gain on Sale	(14)	-
Tax Impact for items above	(6)	1
Re-measurement from Tax Reform	125	12
Adjusted Net Income from Continuing Operations (a)	**$593**	**$644**
Shareholders' equity	$5,860	$6,190
Adjustments:		
Freedom Industries activities	(20)	(4)
Keystone Impairment	54	-
Contract Services Gain on Sale	(14)	-
Tax Impact for items above	(6)	1
Re-measurement from Tax Reform	125	12
Adjusted Shareholders' Equity (b)	**$5,999**	**$6,199**
Adjusted Return on Equity (a/b)	**9.9%**	**10.4%**

*Amounts may not sum due to rounding

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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 2018**	**LTM 9/30/2019**
Total operations and maintenance expense	$1,291	$1,330	$1,350	$1,504	$1,479	$1,526
Less:						
Operations and maintenance expense – Market Based Operations	257	256	289	372	362	398
Operations and maintenance expense – Other	(61)	(56)	(51)	(44)	(42)	(49)
Total operations and maintenance expense – Regulated Businesses	**$1,095**	**$1,130**	**$1,112**	**$1,176**	**$1,159**	**$1,177**
Less:						
Regulated purchased water expense	100	110	122	122	133	133
Allocation of non-operation and maintenance expenses	29	35	39	30	31	32
Impact of Freedom Industries activities	-	-	10	65	(20)	(4)
Estimated impact of weather	-	5	(2)	-	-	-
Adjusted operations and maintenance expense – Regulated Businesses (a)	**$966**	**$980**	**$943**	**$959**	**$1,015**	**$1,016**
Total operating revenues	$2,555	$2,854	$3,011	$3,302	$3,440	$3,558
Less:						
Operating Revenues – Market Based Operations	295	307	355	451	476	540
Operating Revenues – Other	(26)	(17)	(18)	(20)	(20)	(22)
Total pro forma operating revenues – Regulated Businesses	**$2,286**	**$2,564**	**$2,674**	**$2,871**	**$2,984**	**$3,040**
Less:						
Regulated Purchased Water expense*	100	110	122	122	133	133
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**	**$2,851**	**$2,907**
Adjusted O&M efficiency ratio—Regulated Businesses (a)/(b)	**44.2%**	**40.7%**	**36.7%**	**34.9%**	**35.6%**	**35.0%**

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

** 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.*