AMERICAN WATER

2020 First Quarter Earnings Conference Call

May 7, 2020

Ed Vallejo

Vice President, Investor Relations

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, including uncertainties, risks and other factors associated with the current novel coronavirus (COVID-19) pandemic, are discussed in the Appendix to this presentation, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, as filed with the SEC on May 6, 2020.

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.

Walter Lynch

President and Chief Executive Officer

American Water

American Water's COVID-19 Response

Employees

- Suspended all work-related air and rail travel as of March 3 & suspended participation in sponsored events and public gatherings
- Employees who can work from home have been required to do so effective March 16; as of now, that plan will continue through May 31
- Implemented social distancing and enhanced safety measures for employees
- Paid leave for COVID-19 diagnosis, required quarantine and childcare

Regulatory & Liquidity

- Implemented actions to ensure liquidity and access to capital
- Increased communications with public service commissions, customers, and public officials

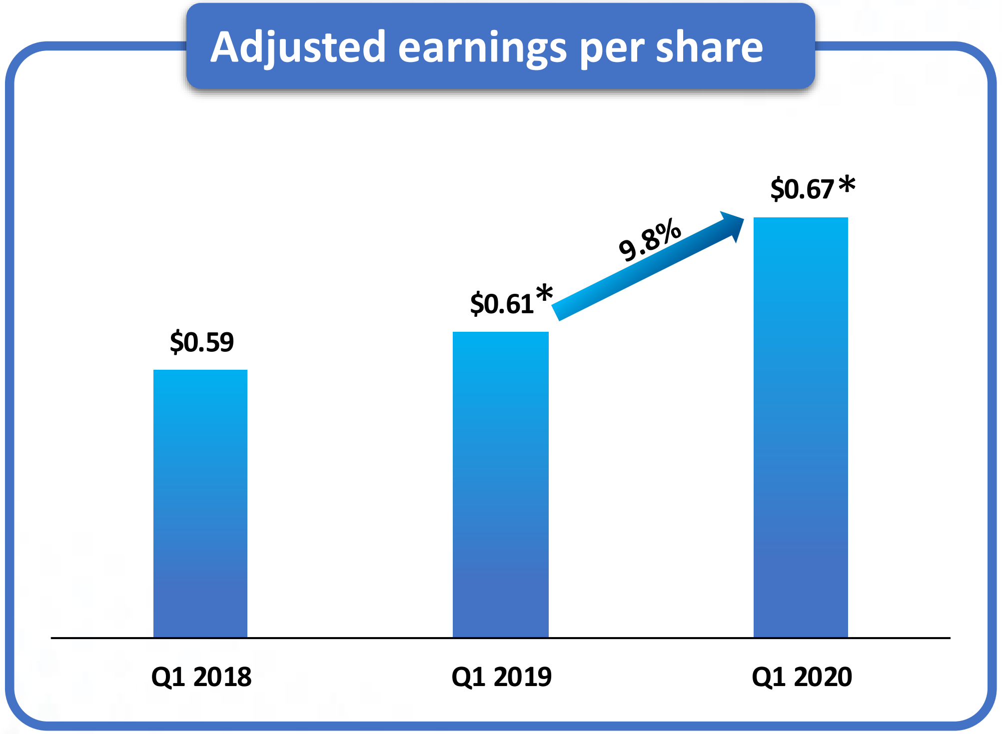
Customers

- Suspended billing-related service shutoffs and restored service to customers who were previously shut off for non-payment
- Suspended payment of late fees until further notice
- Working with customers who are experiencing a financial hardship by offering customer assistance programs and access to low income programs
- Implemented social distancing and enhanced safety measures for employees who engage with customers

Communities

- Donated $500,000 to the American Water Charitable Foundation to support COVID-19 relief efforts
- The Company together with American Water Charitable Foundation donated a total of $100,000 to Feeding America to help food banks across the country

Strong First Quarter Results



Regulated Investment

- ≈$457 million total capex invested
- Organic growth ≈3,300 customer connections
- 34.5%** O&M efficiency ratio LTM
- Deployed and developed technology to improve customer service & reliability

Regulated Acquisitions

- Closed 6,200 customer connections as of May 6, 2020
- 45,800 customer connections under agreement as of May 6, 2020
- Strong pipeline continues

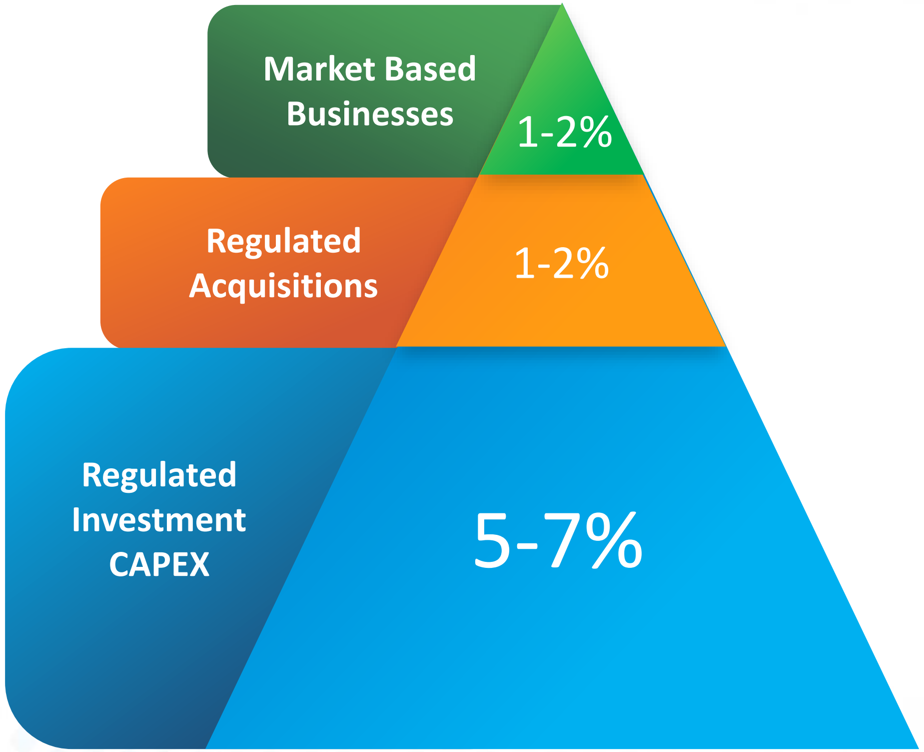
Market-Based Businesses

- Homeowner Services continued performance through price increases and organic growth
- Military Services: Joint Base San Antonio and U.S. Military Academy at West Point, New York ready for full operation by second quarter 2020

** Adjusted EPS is a Non-GAAP Measure. Please see appendix for reconciliation and further information.*
*** For 12-months ended March 31, 2020. Non-GAAP measure: please see reconciliation table in appendix.*

In This Environment, The Execution of Our Strategy Continues

Long-term EPS growth expected in the 7-10%* target range EPS CAGR guidance through 2024



Clear investment thesis provides confidence in long-term strategy

- **Decades** of investment needed
- Line of sight to **$20 - $22** billion of 10-year capital investment
- **Fragmented** national water and wastewater landscape
- **Capital-light** MBBs leverage core competencies, increase customer experience, and generate cash
- 2020-2024 Dividend **Growth** projected at high end of 7-10% range**
- A **leading** Environmental, Social Responsibility and Governance investment

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*Anchored off of 2018 Adjusted EPS (a non-GAAP measure)

**Subject to American Water Board of Directors approval

2020 First Quarter Regulated Business Update

Regulatory

PENNSYLVANIA AMERICAN WATER

- Rate Case filed April 29, 2020
- Capital Investment of ≈$1.6 billion
- Requested ROE 10.8%
- Requested Equity Portion 55.00%

NEW JERSEY AMERICAN WATER

- Rate Case filed December 16, 2019
- Capital Investment of ≈$1 billion
- Requested ROE 10.5%
- Requested Equity Portion 54.46%

VIRGINIA AMERICAN WATER

- Rate Case filed November 2, 2018
- Capital Investment of ≈$98 million
- Requested ROE 10.8%
- Interim rates effective May 1, 2019

CALIFORNIA AMERICAN WATER

- 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

Indiana

- Establishes an appraisal process for non-municipal utilities to establish fair value
- Authorizes recovery without full rate case for service enhancements for health, safety or environmental concerns for above ground infrastructure, and exempts relocation from distribution system improvement charge recovery caps

West Virginia

- Allows for expanded asset valuation

Virginia

- Establishes fair market value legislation

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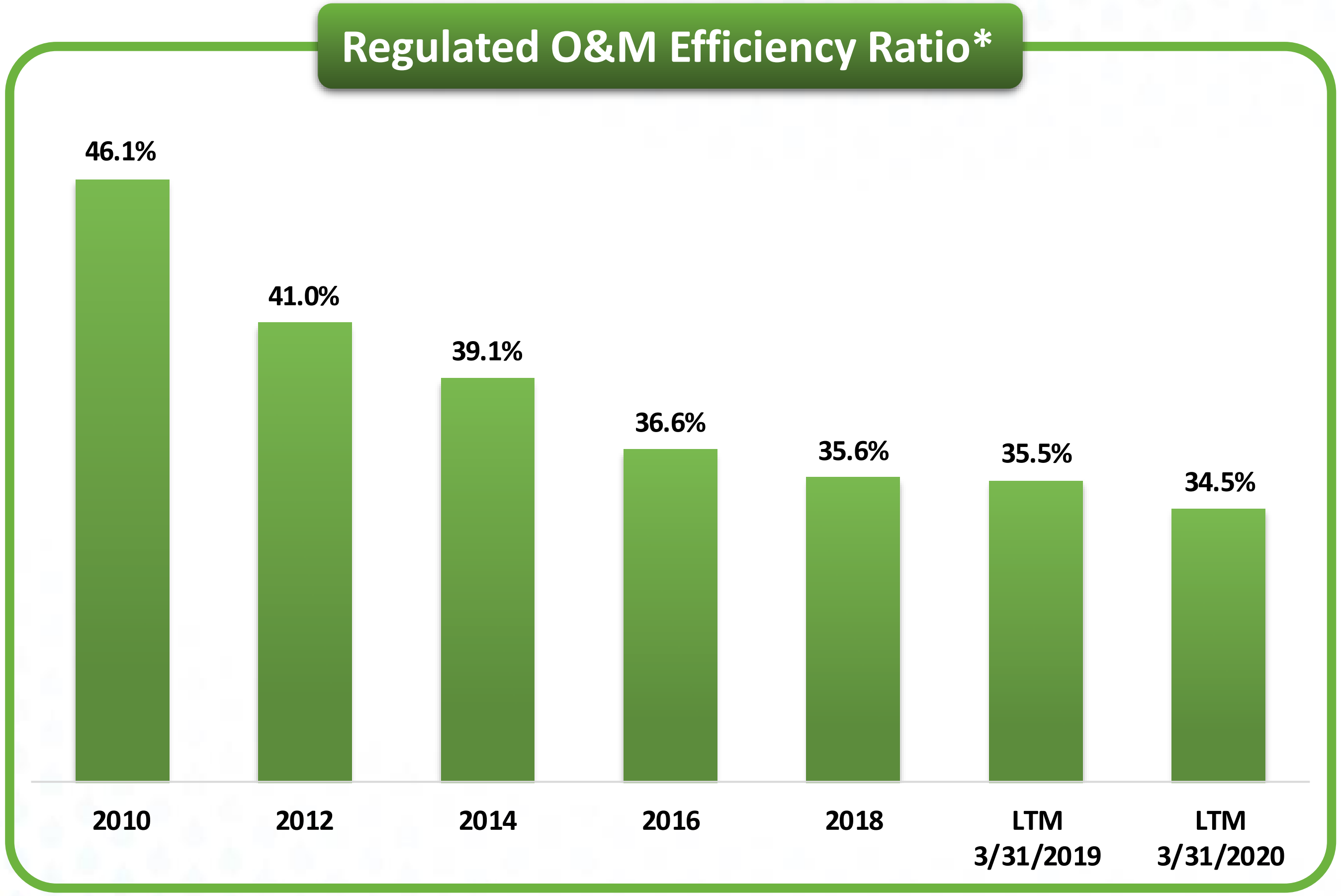
Disciplined Focus on Expenses



- 2024 O&M Efficiency Target of **31.3%****
- Adjusted O&M Expenses from 2010-LTM 2020 increased only **0.7% CAGR**
- Added **≈276,000***** customer connections since 2010

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** 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. Also, 2010 – 2016 adjusted for TCJA*

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

**** Includes organic customer connections & closed dispositions*

Regulated Acquisitions Update

Under Agreement*

≈ 45,800** Customer Connections

26 Acquisitions

CA: 5	IL: 9	PA: 6
HI: 1	MO: 1	TN: 1
IA: 2	NJ: 1	

** As of 5/6/2020; does not reflect the announced pending sale of NYAW.*
*** This includes two IL acquisitions, which represents 2,700 total customer connections, due to bulk contracts. Connections to the system will be approximately 1,400.*

Closed *as of May 6, 2020*

≈ 6,200 Customer Connections

5 acquisitions in 4 states

Fruitridge Vista, CA	Sidney, IL
Water	Water
≈ 4,800 connections	≈ 600 connections

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Susan Hardwick

Chief Financial Officer

Continued Execution of Company Strategy

Adjusted EPS increased 9.8% quarter over quarter

Q1 2020

EPS Contribution by Business

	Three Months Ended 03/31/2020	Three Months Ended 03/31/2019	Change
Regulated	$0.68	$0.60	$0.08
Market Based	$0.12	$0.11	$0.01
Parent Interest & Other	($0.12)	($0.09)	($0.03)
Total GAAP EPS	**$0.68**	**$0.62**	**$0.06**
Freedom Industries Reduction in Liability	-	($0.01)	
Depreciation Related to Assets Held For Sale	($0.01)	-	
Total Adjusted EPS*	**$0.67**	**$0.61**	**$0.06**
Regulated*	$0.67	$0.59	$0.08
Market Based	$0.12	$0.11	$0.01
Parent Interest & Other	($0.12)	($0.09)	($0.03)
Total Adjusted EPS*	**$0.67**	**$0.61**	**$0.06**

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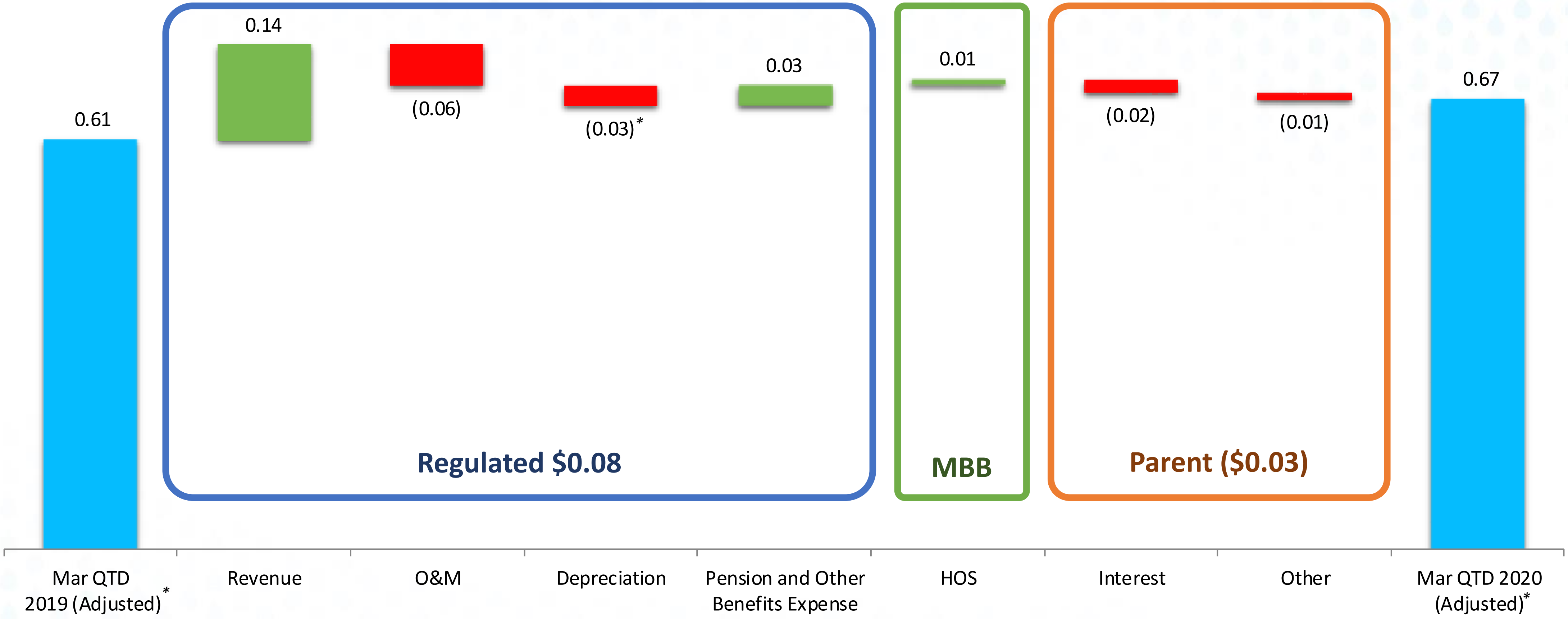
** Adjusted EPS is a non-GAAP Measure. Please see appendix for reconciliation and further information.*

First Quarter Adjusted EPS Detail by Business*



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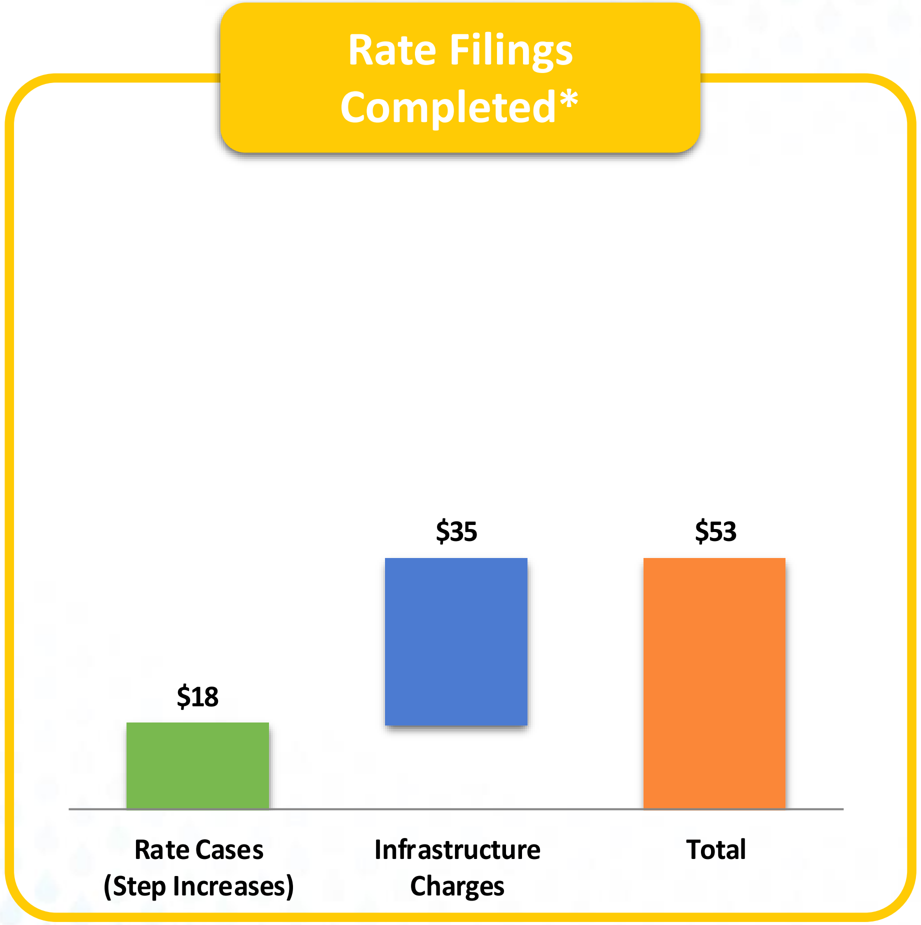
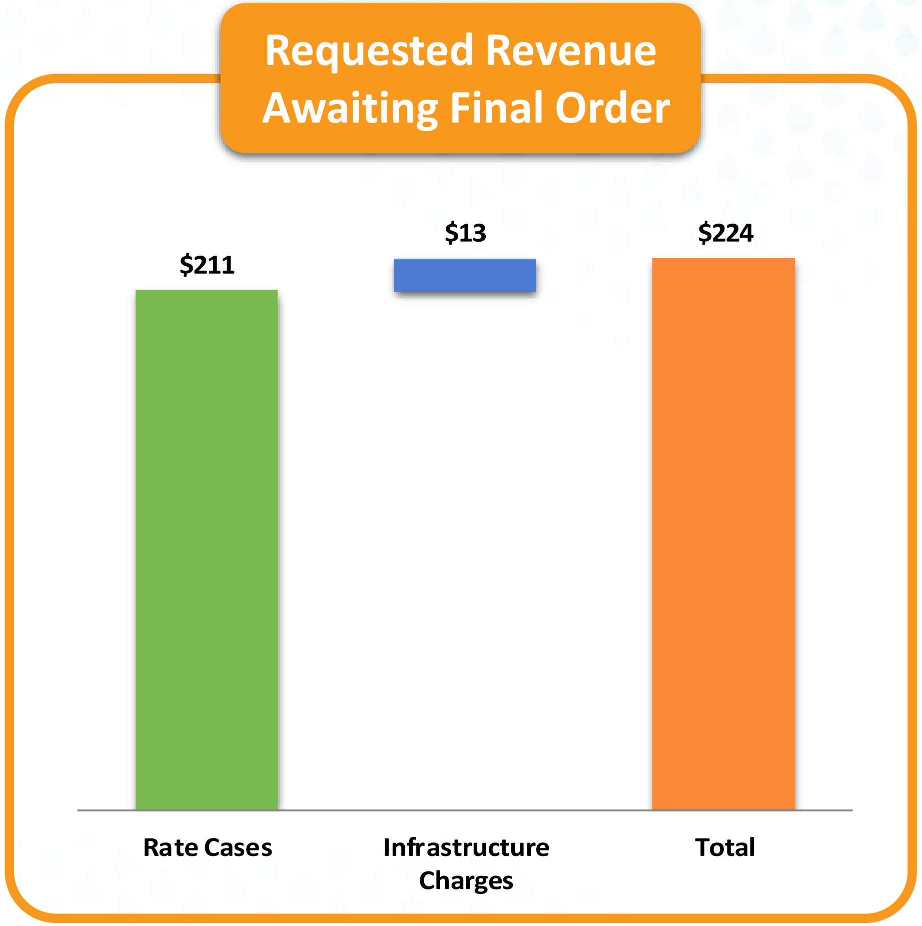
** Adjusted EPS is a non-GAAP Measure. Please see appendix for reconciliation and further information. Regulated GAAP depreciation was ($0.02) year over year, depreciation in the table above is adjusted ($0.01) per diluted share for depreciation related to assets held for sale*

Rate Filings Completed and Awaiting Final Order

($ in millions)

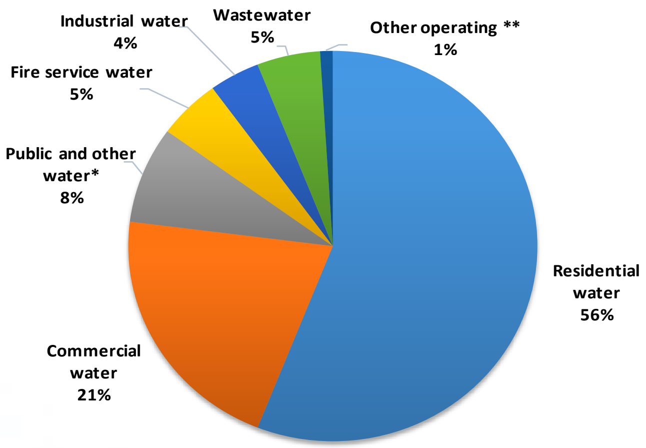




Annualized Revenue Increase for Rates Effective Since January 1, 2020

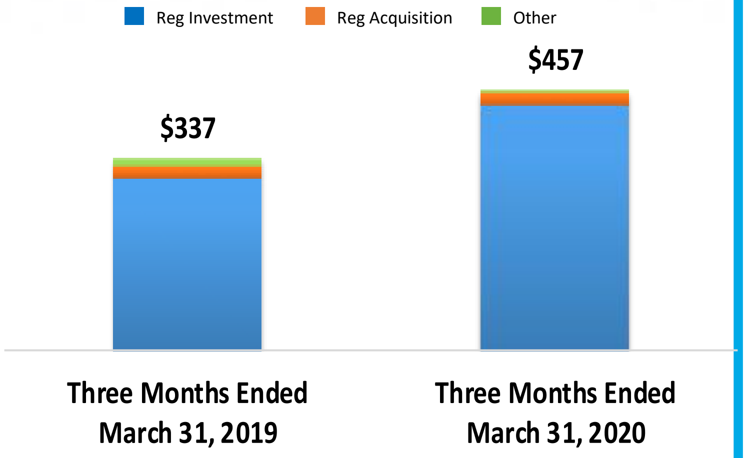
Thoughts on Implications of COVID-19 Pandemic

Regulated Businesses Operating Revenue by Type and Customer Class as of 12/31/2019



- Predominantly residential customer base; Commercial mostly food and beverage providers
- Early trends of increased residential demand; Commercial & Industrial down

Capital Investment
($ in millions)



- No change to 2020 capital plan expected; increase driven by demand/opportunity
- No major disruptions to supply chain

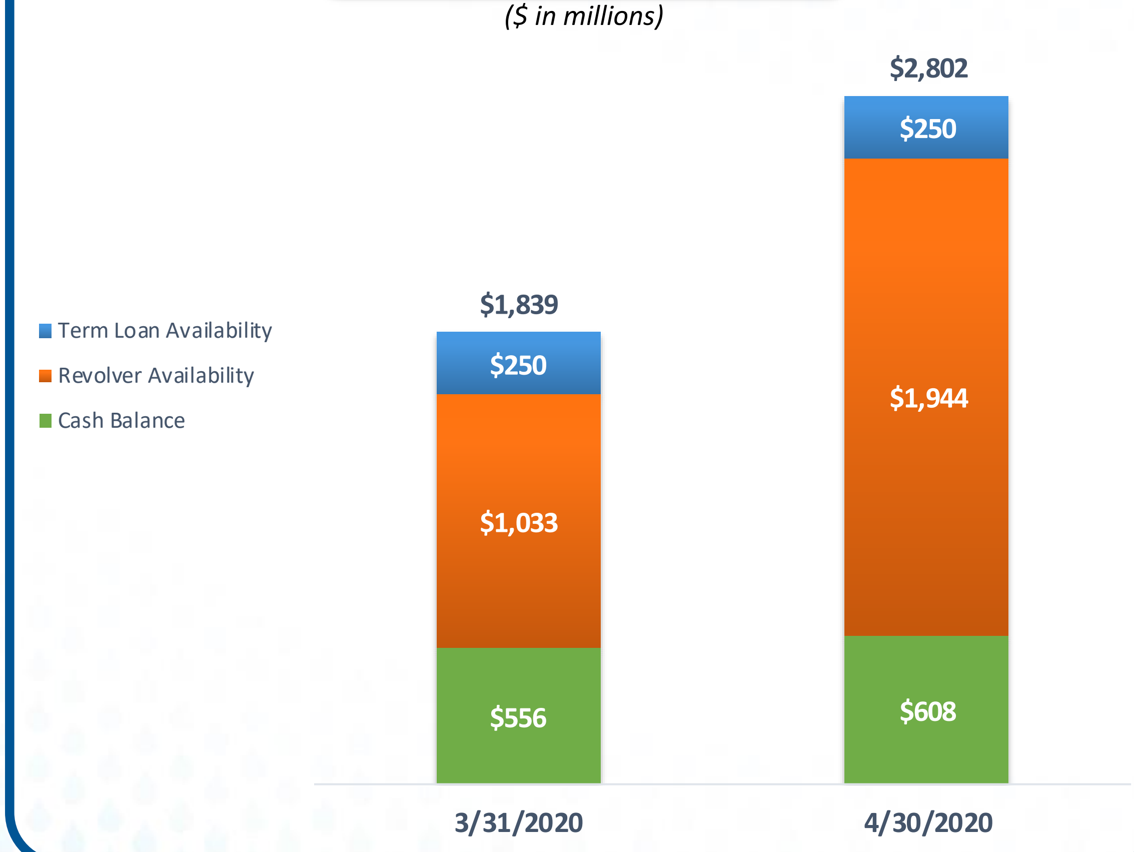
Other Thoughts/Factors

- Too early to determine exposure to uncollectible accounts
- Pension plans adequately funded at December 2019; obligation re-measurement Year End 2020
- Early indications from regulators are that recovery of related costs will be fairly treated
- Market-based businesses continue to execute; possible delays in HOS new partnerships

* *Includes water revenues from public authorities and other utilities and community water systems under bulk contracts.*
** *Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.*

Strong Liquidity

Total Liquidity Available



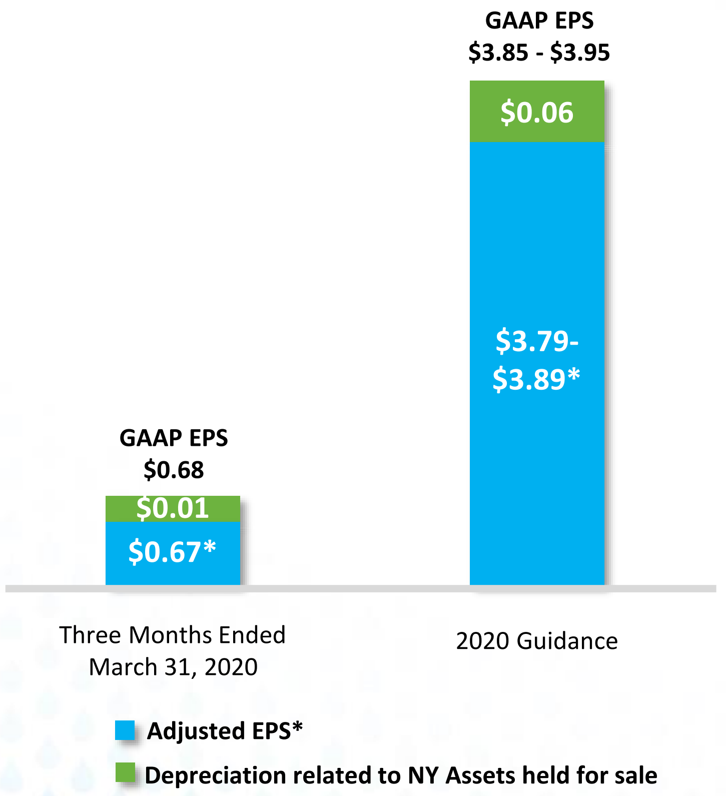
Liquidity Details

- **Term Loan Facility:**
  - Entered into $750m 364-day term loan facility on March 20th
  - Response to recent COVID related volatility, liquidity, and pricing pressure in the Commercial Paper Market
  - $500m drawn; held in cash
  - $250m available for draw on or before June 19th, 2020
  - LIBOR + 80bps (Currently 1.75%)
  - No Prepayment Penalties

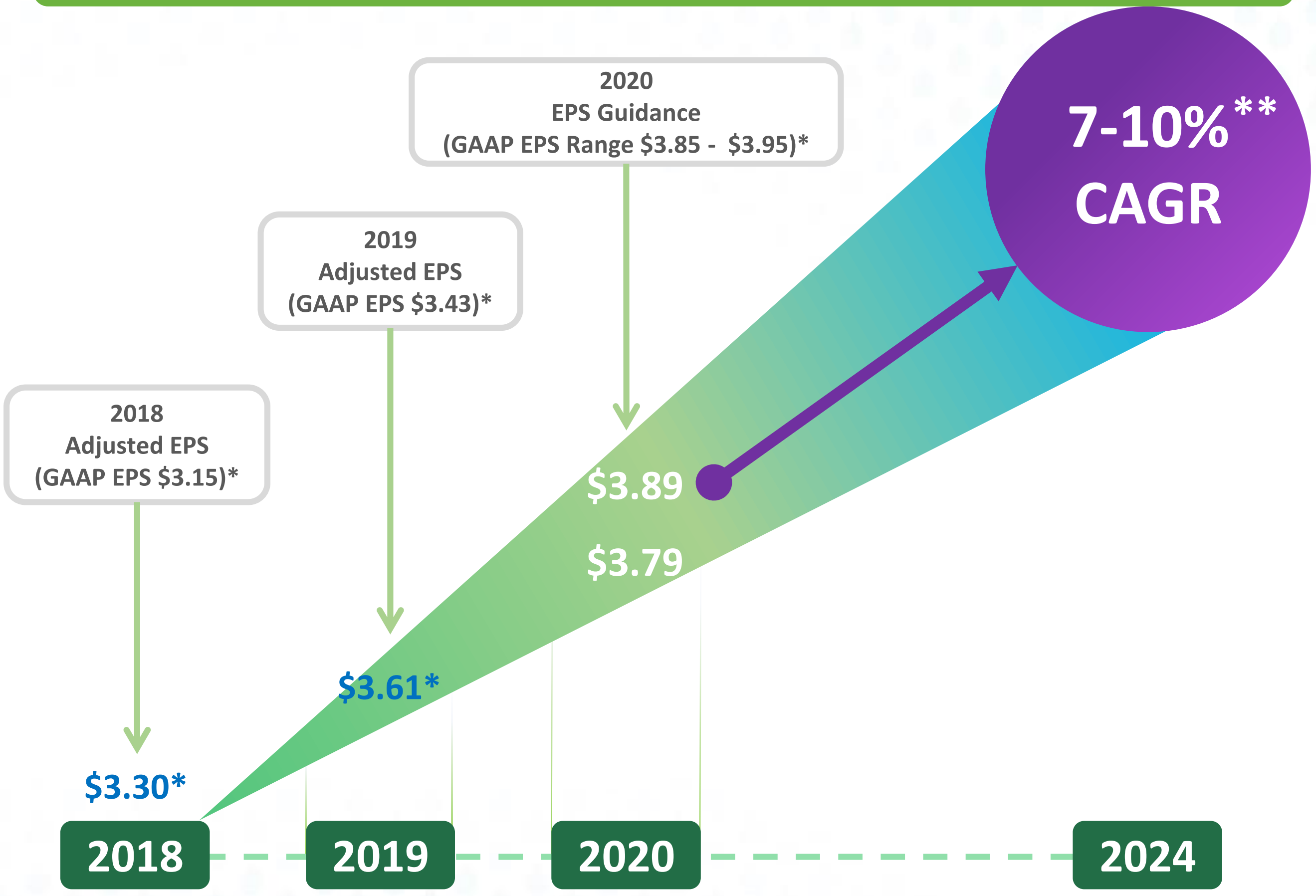
- **2020 Planned LTD Issuance:**
  - $1 billon Bond Issuance completed on April 14th
    - $500 million 2.80% Senior Notes due 2030
    - $500 million 3.45% Senior Notes due 2050

2020 EPS and Long-Term Guidance

2020 Performance



2020 – 2024 Long-Term EPS CAGR Guidance**



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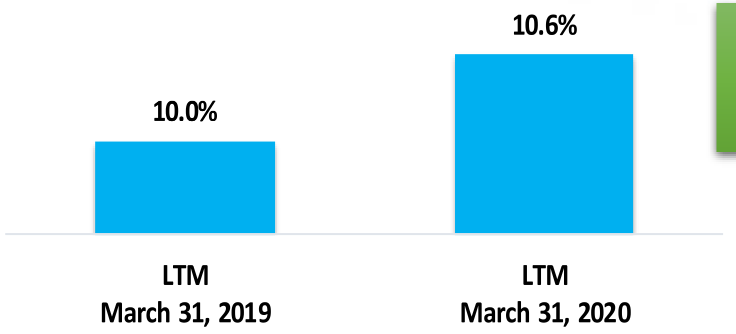
Adjusted EPS is a non-GAAP Measure. Please see appendix for reconciliation and further information.
*** Long Term EPS reflects 2020 – 2024 EPS CAGR goal of 7-10%, anchored off of 2018 Adjusted EPS (a non-GAAP measure).*

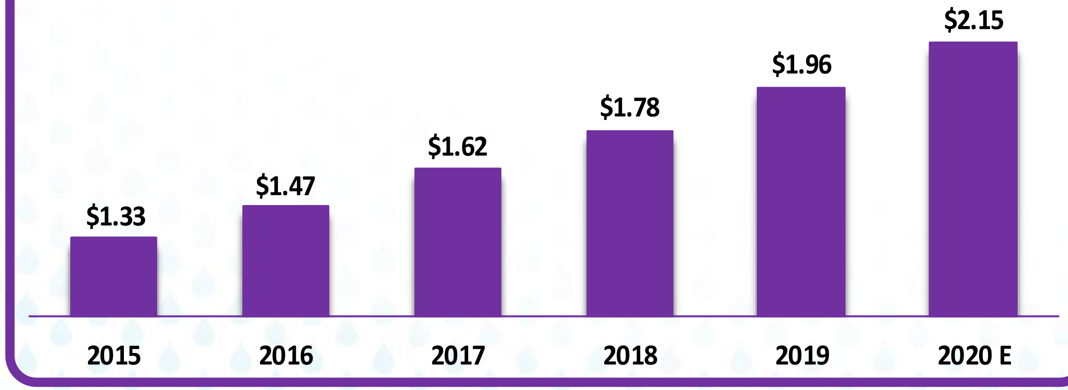
Delivering Value

AWK Shareholder Value
Adjusted Consolidated Return on Equity*



Regulated
Wt Avg authorized ROE is 9.8%

Dividend Growth**



Value Drivers

- **Consistent** Earnings Growth
- **Smooth** Capital Deployment
- **Disciplined** Approach to Acquisitions
- **Strong** Balance Sheet
- **Five Consecutive years** the dividend increase is at the top of the growth range
- **Top** quartile dividend growth with a payout target of **50-60%**

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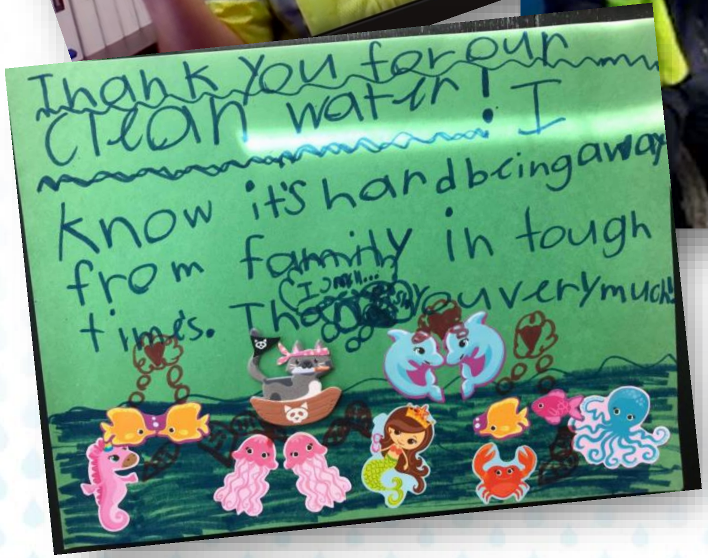
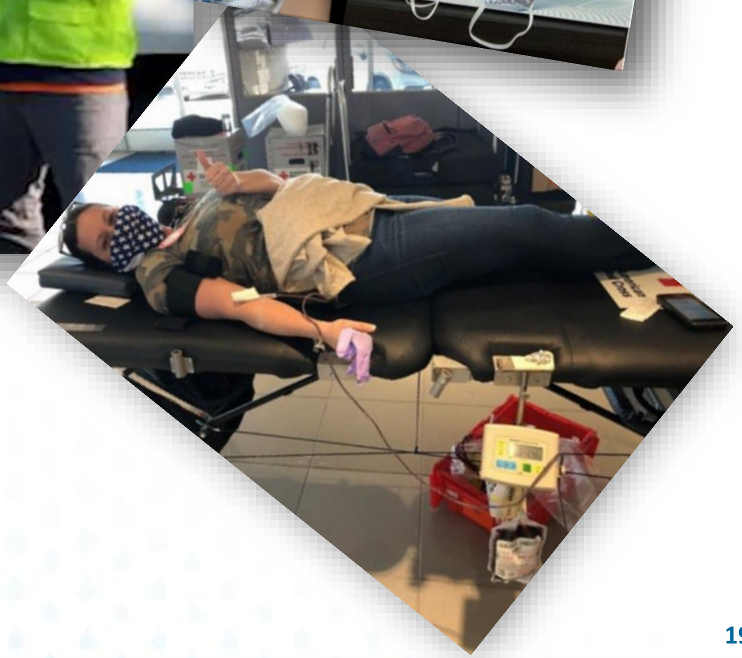
** Adjusted Return on Equity is a non-GAAP Measure. Please see appendix for reconciliation and further information.*
*** Future dividends are subject to approval of the American Water Board of Directors.*

Thanks To Our Employees





Q&A Session

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Appendix

American Water

Forward-Looking Statements

Certain statements in this presentation, including, without limitation, with respect to: earnings per share guidance; dividend growth guidance; the timing and outcome of pending or future acquisition activity and the completion of the announced sale of New York American Water Company, Inc.; the Company's future financial performance, liquidity and cash flows; the Company's ability to finance current operations, capital expenditures and growth initiatives by accessing the debt and equity capital markets; the impacts to the Company of the current pandemic health event resulting from the novel coronavirus (COVID-19); the amount and allocation of future capital investments and expenditures; estimated revenues and regulatory recovery from general rate cases and other governmental agency authorizations, including filings for infrastructure surcharges and to address regulatory lag; 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; trends in the industries in which the Company operates, including macro trends with respect to the Company's efforts related to customer, technology and work execution; the Company's ability to execute its business and operational strategy; and regulatory, legislative, tax policy or legal developments, including 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, 2019, as filed with the SEC on February 18, 2020, 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 and regulatory responses to the COVID-19 pandemic; the timeliness and outcome of regulatory commissions' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, 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, consumer privacy, water quality and water quality accountability, 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, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; risks associated with the Company's aging infrastructure and its ability to appropriately maintain and replace current infrastructure and systems; 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 obtain adequate and cost-effective supplies of equipment, chemicals, electricity, fuel, water, other raw materials; 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 ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's exposure to liabilities related to environmental laws and similar matters; changes in general economic, political, business and financial market conditions, including conditions and collateral consequences associated with the COVID-19 pandemic; access to sufficient debt and/or equity 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 with respect to 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, quarterly and other 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. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. 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.

Closed Acquisitions*

As of May 6, 2020

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
California	1	4,800	-	4,800
Illinois	2	600	-	600
Indiana	1	-	500	500
West Virginia	1	300	-	300
Total	5	5,700	500	6,200

* Customer Connections are rounded

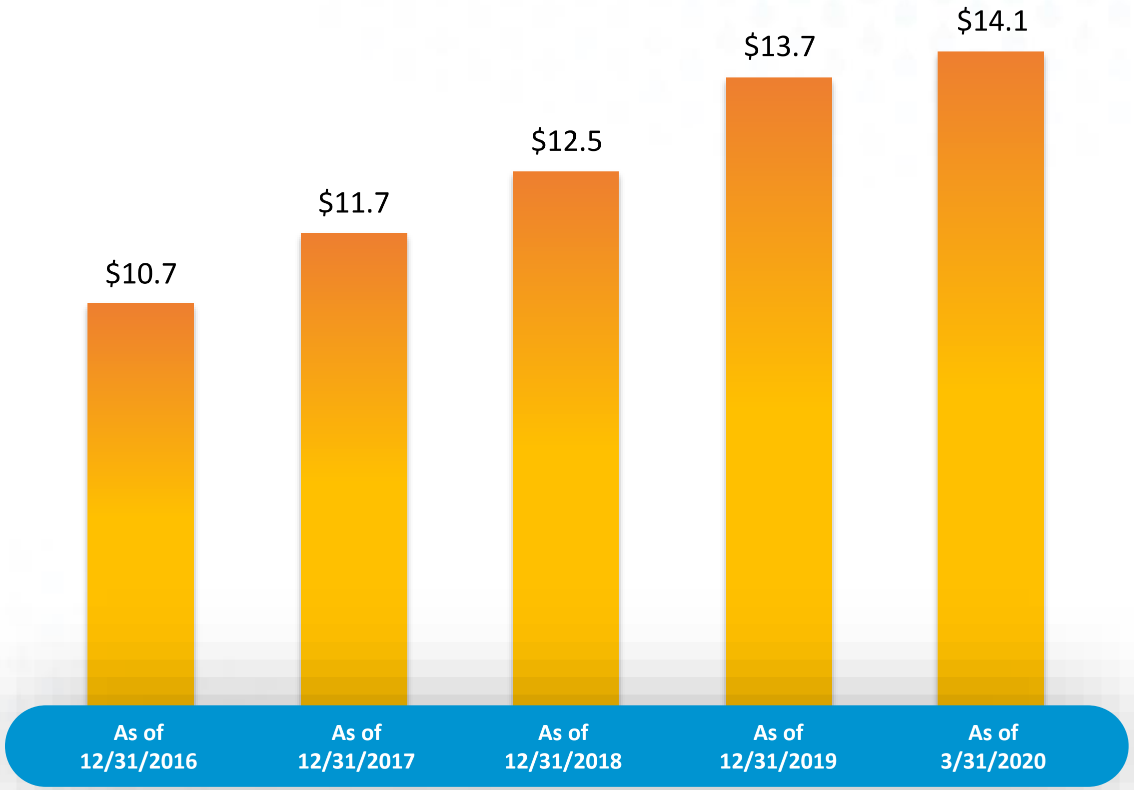
Acquisitions* *Under Agreement as of May 6, 2020*

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
California	5	7,700	-	7,700
Hawaii	1	-	200	200
Iowa	2	300	-	300
Illinois**	9	5,900	18,800	24,700
Missouri	1	-	100	100
New Jersey	1	-	2,800	2,800
Pennsylvania	6	1,700	8,200	9,800
Tennessee	1	100	-	100
Total	26	15,900	29,900	45,800

**Customer Connections are rounded and may not sum. Does not reflect the announced pending sale of NYAW.*
*** This includes two IL acquisitions, which represents 2,700 total customer connections, due to bulk contracts. Connections to the system will be approximately 1,400.*

Rate Base Calculation*

($ in millions)



Estimated Rate Base*

	As of 3/31/2020
Net Utility Plant	$18.9
Less	
Advances for Construction	$0.3
CIAC - Contributions in Aid of Construction	$1.4
Net Deferred income taxes	$3.2
	$4.9
Total Estimated Rate Base	**$14.1**

≈7-8%** | **Expected Rate base CAGR through 2024**

*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 2018 rate base

Rates Effective Since…

January 1, 2020

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases Effective in 2020
California (Step Increase)	1/1/2020	$5
Indiana (Step Increase)	5/1/2020	13[a]
		$18
Infrastructure Charges		
West Virginia (DSIC)	1/1/2020	$3
Pennsylvania (W-DSIC)	1/1/2020	9
Pennsylvania (WW-DSIC)	1/1/2020	1
Illinois (QIP)	1/1/2020	7
New Jersey (DSIC)	1/1/2020	10
Pennsylvania (DSIC)	4/1/2020	5
		$35
	Total	$53

[a] 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 became effective 5/1/2020 in the amount of $13.1 pending protest rights to the certified numbers.

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]	10.8%	$196
California	Case No. A. 19-07-004	7/1/2019	26[b]		689
New Jersey	Case No. WR-19121516	12/16/2019	88[c]	10.5%	3,639
Pennsylvania	Docket R-2020-3019369 (W) & R-2020-3019371 (WW)	4/29/2020	92[d]	10.8%	3,975
			$211		$8,499
Infrastructure Charges Filed					
Tennessee (QIIP, EDI, SEC)		11/15/2019	$2		$21
Missouri (ISRS)		3/2/2020	9		60
Kentucky (QIP)		3/2/2020	2		13
			$13		$94
		Total Awaiting Final Order:	$224		

[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] On July 1, the company filed for a Test Year 2021 revenue requirement request of $26.0 million which excludes the escalation year and attrition year rate increases for 2022 and 2023 of $9.8 million and $10.8 million, respectively. The Company filed its 100 day update on October 11, 2019, requesting $27.3 million annualized incremental revenues for 2021, and increases of $9.5 million and $10.3 million in the escalation year of 2022 and the attrition year of 2023, respectively.

[c] The requested increase is $87.8 million, which excludes $34.7 million from the DSIC.

[d] On April 29, the company filed for a multiyear rate case. Rate year 1 requested $92.4 million with rate base of $3.98 billion and Rate Year 2 requested $46.2 million with rate base of $4.29 billion.

Regulatory Information

	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. CAW 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; however, 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, as there were multiple versions of each disclosed by the parties in the settlement agreement.

American Water

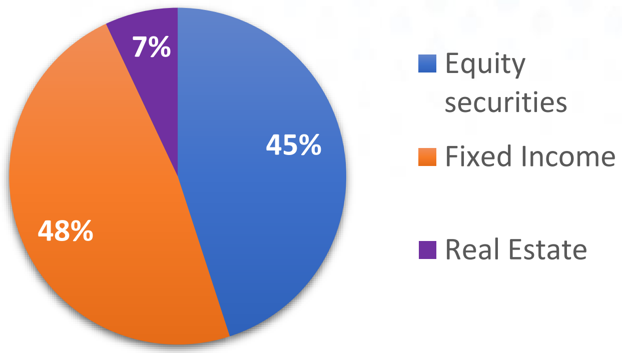
Pension/OPEB Plans Adequately Funded as of December 2019

- **Pension Plans**
  - •GAAP Funding Percentage: 81%
  - •Plan Assets: $1.747 billion
  - •Expected 2020 Contributions = $40m
- **Other Post-Employment Benefit Plans (OPEB)**
  - •GAAP Funding Percentage: 142%
  - •Plan Assets: $532 million
  - •No contributions expected for 2020
- **Plan Remeasurement Year End 2020**

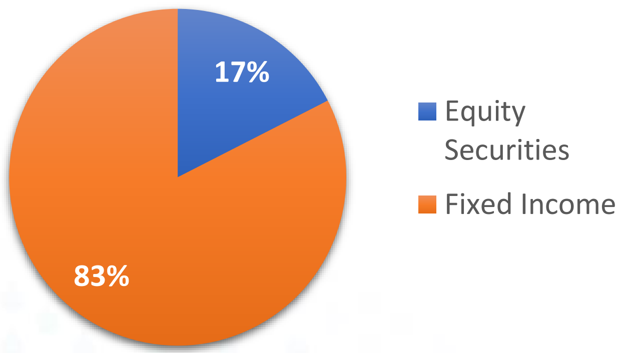
Asset Allocations

At December 31, 2019

Pension Plans



OPEB Plans



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 2015	FY 2016	FY 2017	FY 2018	FY 2019	LTM 3/31/2019	LTM 3/31/2020
Total operations and maintenance expense	$1,291	$1,330	$1,350	$1,404	$1,504	$1,378	$1,479	$1,544	$1,496	$1,562
Less:										
Operations and maintenance expense – Market Based Operations	257	256	289	358	372	337	362	393	380	386
Operations and maintenance expense – Other	(61)	(56)	(51)	(49)	(44)	(50)	(42)	(31)	(43)	(27)
Total operations and maintenance expense – Regulated Businesses	**$1,095**	**$1,130**	**$1,112**	**$1,095**	**$1,176**	**$1,091**	**$1,159**	**$1,182**	**$1,159**	**$1,203**
Less:										
Regulated purchased water expense	100	110	122	117	122	128	133	135	131	139
Allocation of non-operation and maintenance expenses	29	35	39	35	30	29	31	31	32	31
Impact of Freedom Industries activities	-	-	10	-	65	(22)	(20)	(4)	(24)	-
Estimated impact of weather	-	5	(2)	-	-	-	-	-	-	-
Adjusted operations and maintenance expense – Regulated Businesses (a)	**$966**	**$980**	**$943**	**$943**	**$959**	**$956**	**$1,015**	**$1,020**	**$1,020**	**$1,033**
Total operating revenues	$2,555	$2,854	$3,011	$3,159	$3,302	$3,357	$3,440	$3,610	$3,493	$3,640
Less:										
Operating Revenues – Market Based Operations	295	307	355	434	451	422	476	539	511	533
Operating Revenues – Other	(26)	(17)	(18)	(18)	(20)	(23)	(20)	(23)	(21)	(22)
Total pro forma operating revenues – Regulated Businesses	**$2,286**	**$2,564**	**$2,674**	**$2,743**	**$2,871**	**$2,958**	**$2,984**	**$3,094**	**$3,003**	**$3,129**
Less:										
Regulated Purchased Water expense*	100	110	122	117	122	128	133	135	131	139
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**	**$2,626**	**$2,749**	**$2,830**	**$2,851**	**$2,959**	**$2,872**	**$2,990**
Adjusted O&M efficiency ratio—Regulated Businesses (a)/(b)	**44.2%**	**40.7%**	**36.7%**	**35.9%**	**34.9%**	**33.8%**	**35.6%**	**34.5%**	**35.5%**	**34.5%**

Adjusted operations and maintenance expense – Regulated Businesses	**$966**	**$980**	**$943**	**$943**	**$959**	**$956**
Less:						
Impact of adoption of ASU 2017-07**	-	39	(8)	5	12	15
Adjusted operations and maintenance expense – Regulated Businesses (c)	**$966**	**$941**	**$951**	**$938**	**$947**	**$941**
Adjusted operating revenues—Regulated Businesses	**$2,186**	**$2,407**	**$2,570**	**$2,626**	**$2,749**	**$2,830**
Less pro forma adjustment:						
Pro forma adjustment for impact of the TCJA***	89	112	137	144	161	168
Adjusted pro forma operating revenues—Regulated Businesses (d)	**$2,097**	**$2,294**	**$2,433**	**$2,482**	**$2,588**	**$2,662**
Adjusted O&M efficiency ratio—Regulated Businesses (c)/(d)	**46.1%**	**41.0%**	**39.1%**	**37.8%**	**36.6%**	**35.4%**

** Calculation assumes purchased water revenues approximate purchased water expenses*

*** 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.*

**** Calculation of Estimated tax reform = Revenue Requirement with new Effective Tax Rate (taxes grossed up) – Revenue Requirement with old Effective Tax Rate*

American Water

Reconciliation Table: Adjusted Earnings per Share*

Consolidated Adjusted EPS	For the Three Months Ended March 31,			
	2020	2019	2020 vs. 2019	Percentage
Diluted earnings per share (GAAP):				
Net income attributable to common shareholders	$ 0.68	$ 0.62	$ 0.06	
Adjustments:				
Depreciation related to assets held for sale	(0.02)	-	(0.02)	
Income tax impact	0.01	-	0.01	
Net adjustment	(0.01)	-	(0.01)	
Freedom Industries Settlement	-	(0.02)	0.02	
Income tax impact	-	0.01	(0.01)	
Net adjustment	-	(0.01)	0.01	
Total net adjustments	(0.01)	(0.01)	-	
Adjusted diluted earnings per share (non-GAAP)	$ 0.67	$ 0.61	$ 0.06	9.8%

Regulated Businesses Adjusted EPS	For the Three Months Ended March 31,			
	2020	2019	2020 vs. 2019	Percentage
Diluted earnings per share (GAAP):				
Net income attributable to common shareholders	$ 0.68	$ 0.60	$ 0.08	
Adjustments:				
Depreciation related to assets held for sale	(0.02)	-	(0.02)	
Income tax impact	0.01	-	0.01	
Net adjustment	(0.01)	-	(0.01)	
Freedom Industries Settlement	-	(0.02)	0.02	
Income tax impact	-	0.01	(0.01)	
Net adjustment	-	(0.01)	0.01	
Total net adjustments	(0.01)	(0.01)	-	
Adjusted diluted earnings per share (non-GAAP)	$ 0.67	$ 0.59	$ 0.08	13.6%

2020 EPS Guidance Range	Low End	High End
Diluted earnings per share:		
Earnings guidance range (GAAP)	$ 3.85	$ 3.95
Adjustment:		
Depreciation related to assets held for sale	(0.08)	(0.08)
Income tax impact	0.02	0.02
Net adjustment	(0.06)	(0.06)
Adjusted earnings guidance range (non-GAAP)	$ 3.79	$ 3.89

American Water

Reconciliation Table: Adjusted Return on Equity

	LTM March 31, 2019	LTM March 31, 2020
Net Income	$574	$632
Adjustments:		
Freedom Industries activities	(24)	-
Depreciation related to assets held for sale	-	(3)
Keystone Sale	-	44
Keystone Impairment	54	-
Contract Services Gain on Sale	(14)	-
Tax Impact for items above	(5)	(8)
Re-measurement from Tax Reform	12	-
Adjusted Net Income from Continuing Operations (a)	**$597**	**$665**
Shareholders' equity	$5,932	$6,243
Adjustments:		
Freedom Industries activities	(24)	-
Depreciation related to assets held for sale	-	(3)
Keystone Sale	-	44
Keystone Impairment	54	-
Contract Services Gain on Sale	(14)	-
Tax Impact for items above	(5)	(8)
Re-measurement from Tax Reform	12	-
Adjusted Shareholders' Equity (b)	**$5,955**	**$6,276**
Adjusted Return on Equity (a/b)	**10.0%**	**10.6%**

AMERICAN WATER