

AMERICAN WATER

Investor Presentation

February 2024

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, 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, 2023, as filed with the SEC on February 14, 2024.

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.

Business Review

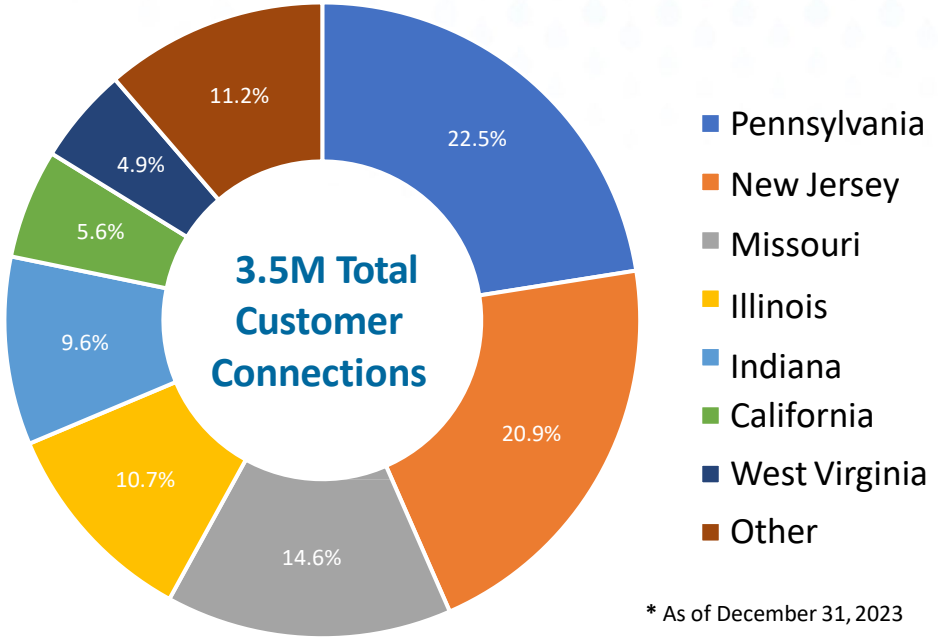
Only Pure Play, Large-Cap Water Utility in the U.S.

AMERICAN WATER

AMERICAN WATER NATIONAL FOOTPRINT



Regulated Customer Count*



* As of December 31, 2023

Regulated Operations*

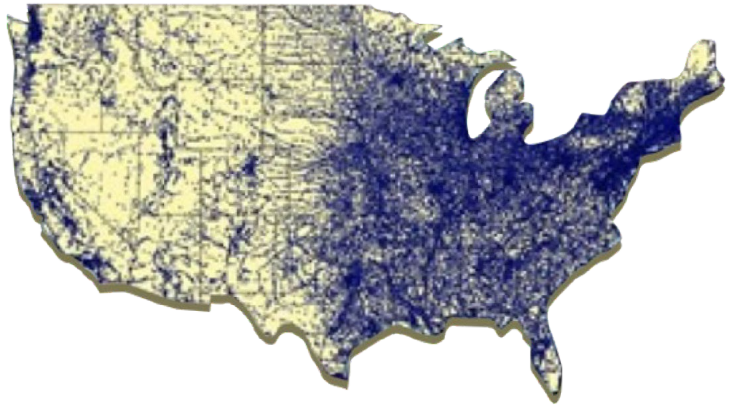
- 53,700 miles of pipe
- 620 water treatment plants
- 175 wastewater treatment plants
- 1,200 wells and 74 dams

Military Services Group

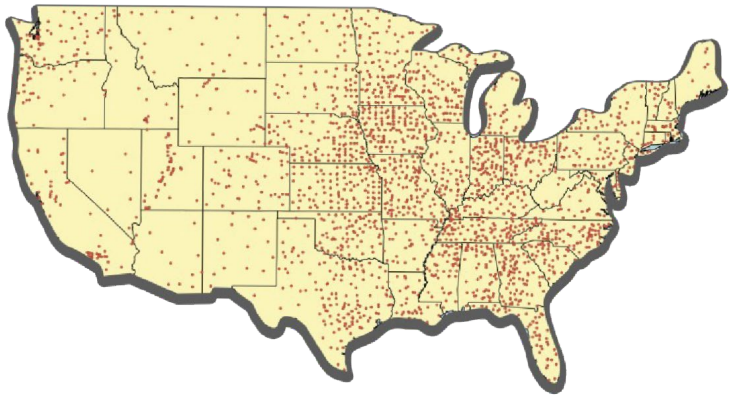
- Regulated-like earnings
- Serves 18 military installations
  - 12 Army
  - 5 Air Force
  - 1 Navy

Highly Fragmented Water/Wastewater Industry Creates Opportunity

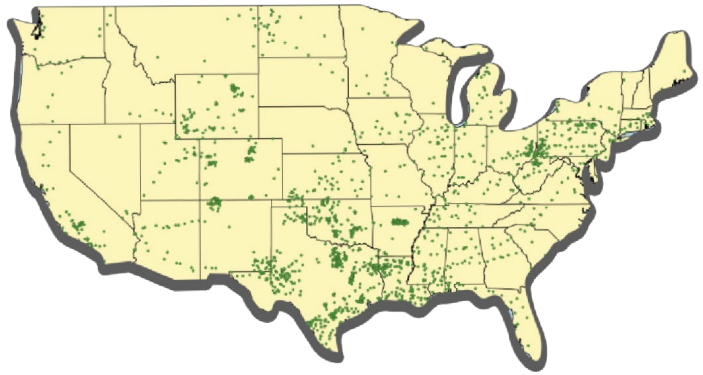
Water Utilities



Electric Utilities



Natural Gas Utilities



Industry Opportunity

Water	Wastewater
16% Investor Owned	**2%** Investor Owned
84% Public & Other	**98%** Public & Other

American Water Footprint

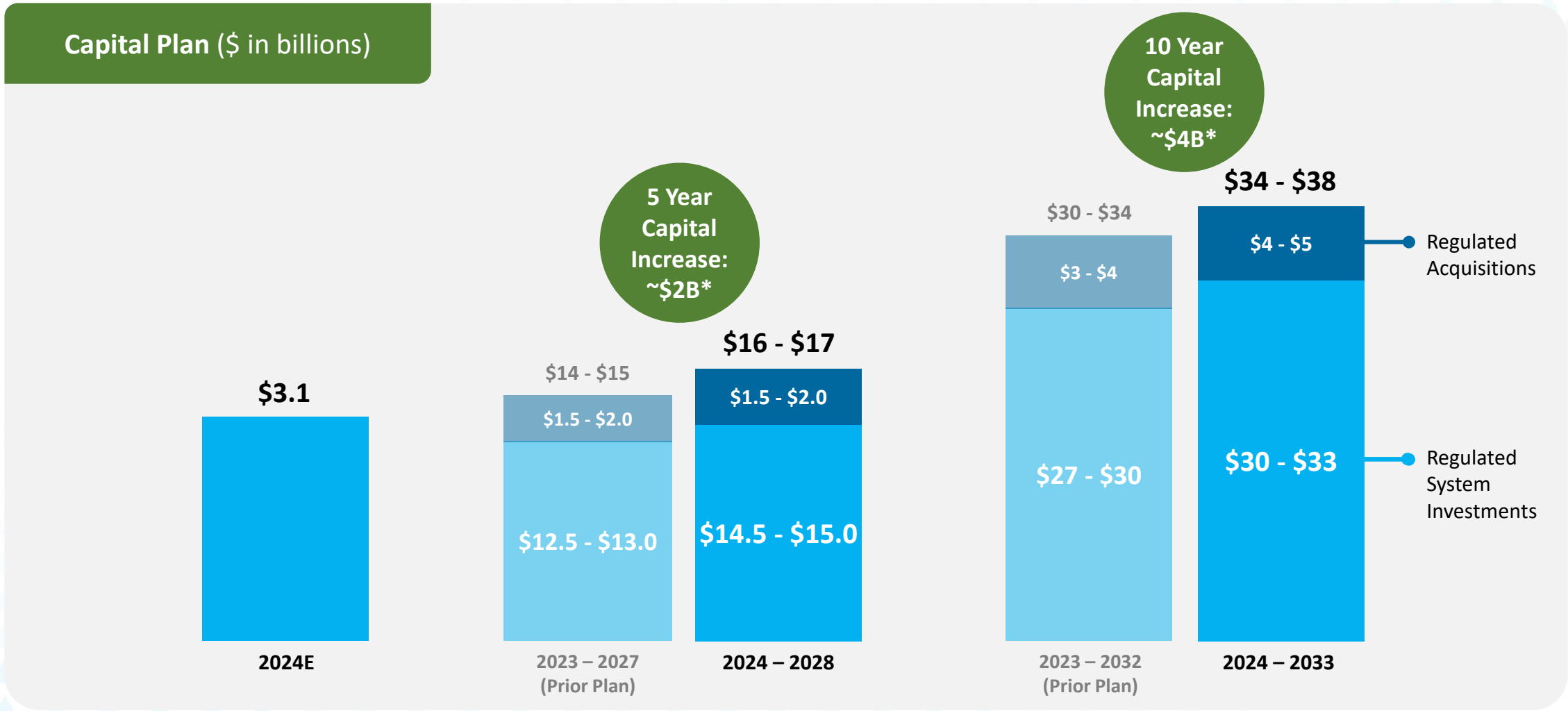
- Ideal for industry consolidation opportunities
- Target 5,000-50,000 customer connections per acquisition
- Wastewater focus (AWK customer connections mix- 91% water & 9% wastewater)

Water Utilities Source: EPA SDWIS Federal Reports Search www3.epa.gov/enviro/facts/sdwis

Electric Utilities Source: Form EIA-861 detailed data files www.eia.gov/electricity/data/eia8

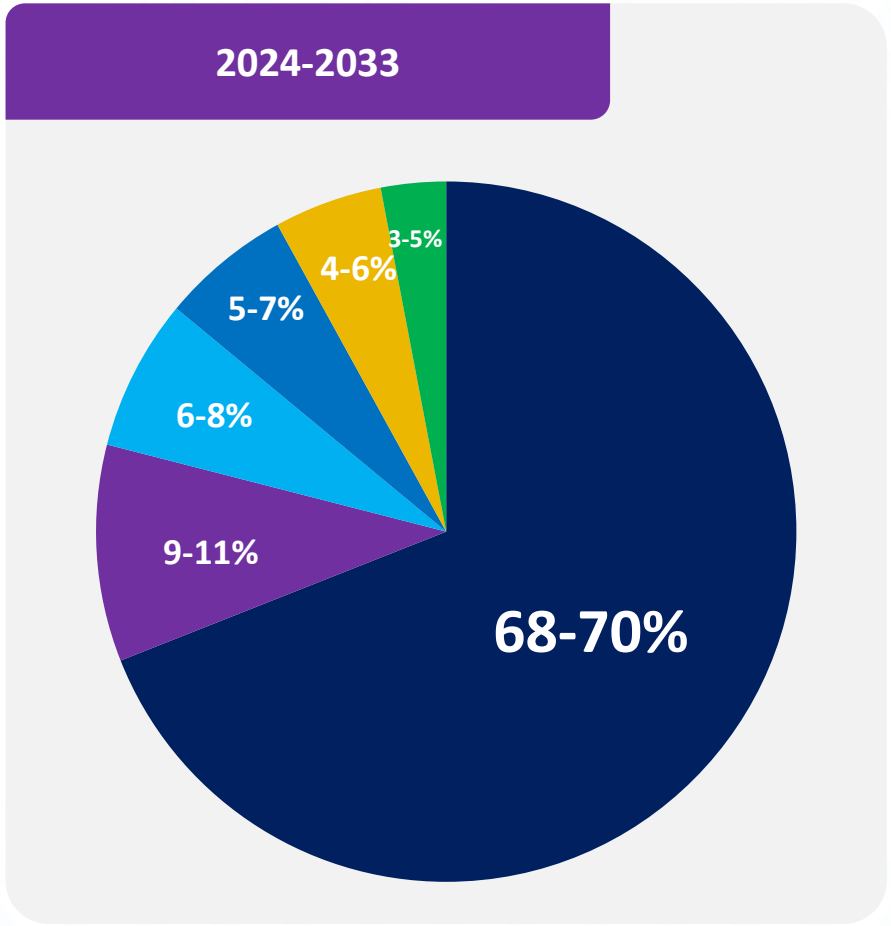
Gas Utilities Source: EPA F.L.I.G.H.T. Greenhouse Gas Emissions from Large Facilities Ghgdata.epa.gov/ghgp/main.do#

Five-Year Capital Plan: Investments to Support System Needs, Including ~$1 Billion for PFAS



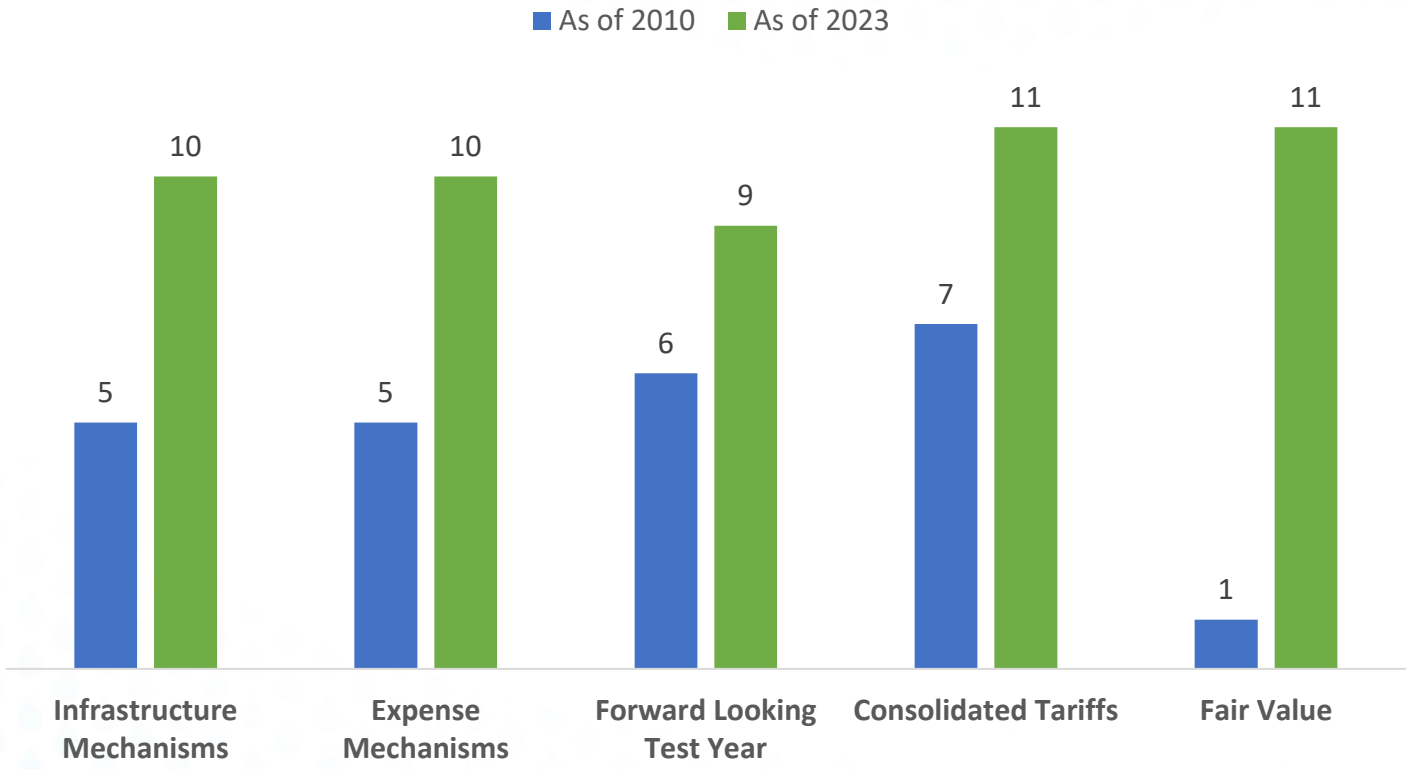
*Includes ~$1 billion of cap ex related to PFAS

Regulated Capital Expenditures by Purpose

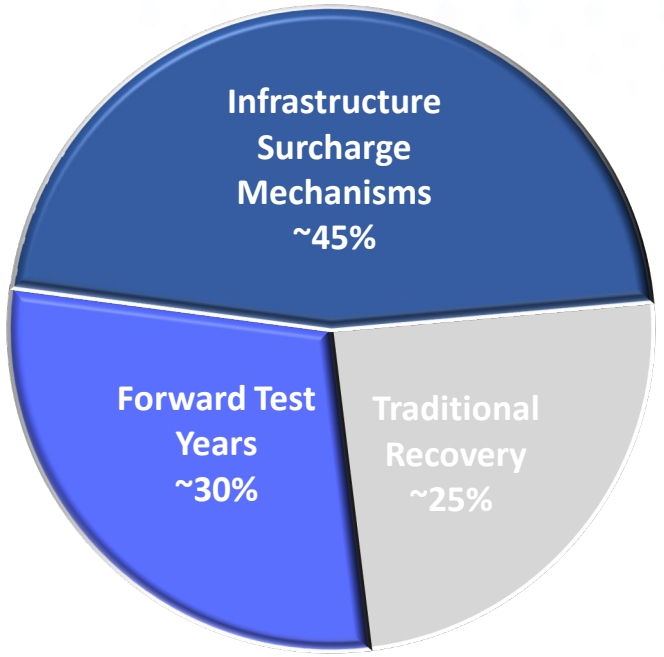


Timely Recovery of Capital and Operating Costs

American Water's Jurisdictions



Capital Recovery (2024-2028 Plan)



State Legislation & Regulation Enable Growth

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Fair Value — 11

CA, IA, IL, IN, KY, MD, MO, NJ, PA, VA, WV

Consolidated Tariffs — 11

CA, IA, IL, IN, KY, MD, MO, NJ, PA, VA, WV

Forward Looking Test Year — 9

CA, HI, IA, IL, IN, KY, PA, TN, VA

Infrastructure Mechanisms — 10

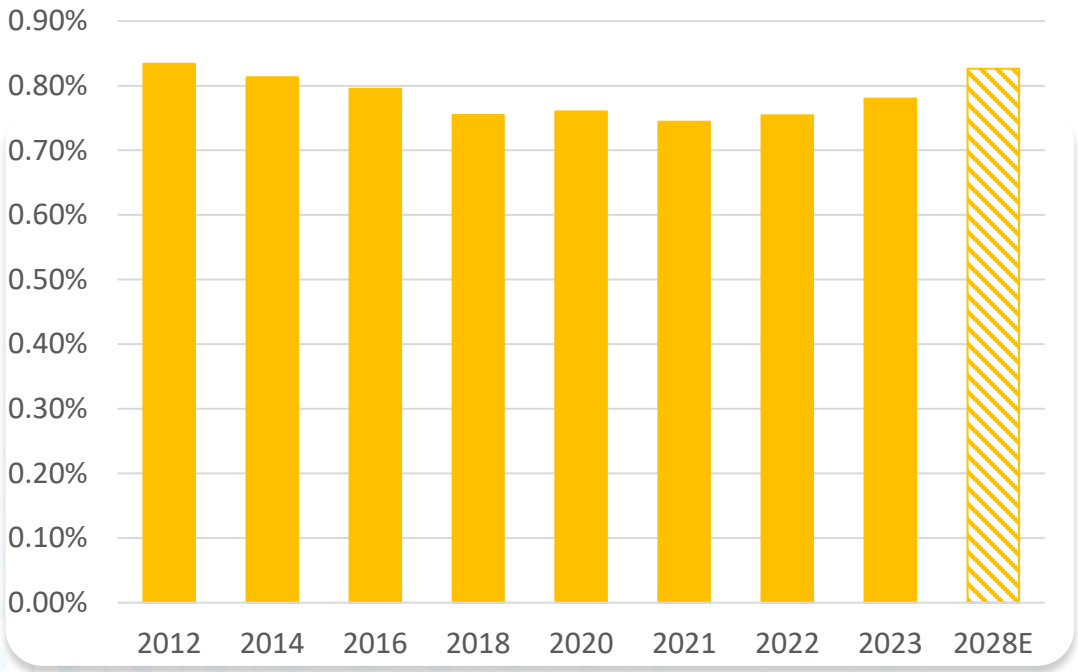
IA, IL, IN, KY, MO, NJ, PA, TN, VA, WV

Water Quality Accountability Legislation — 3

IN, MO, NJ

Continued Focus on Customer Affordability

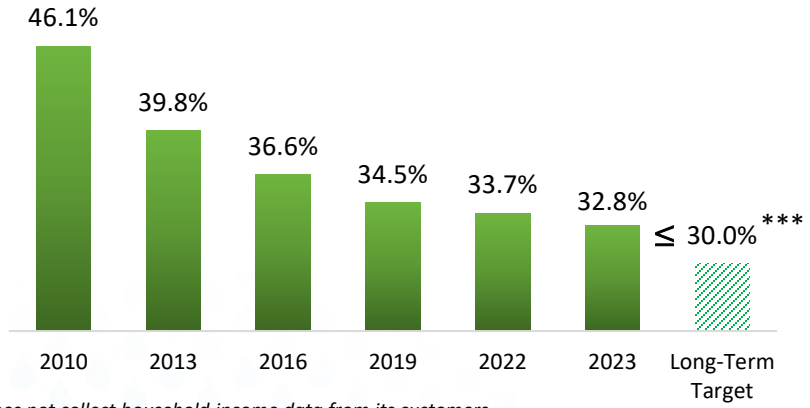
Monthly Water Bill as % of Median Household Income*



Values around Affordability

- Focused on keeping customer bills affordable compared to income (wallet share)
- Supportive of consolidated tariffs that allow customers to benefit from efficiencies of scale
- Continue to promote and advocate for low-income assistance programs (incl. federal) and tariffs

Regulated O&M Efficiency Ratio**



** Figure is estimated based on data from the US Census Bureau American Community Survey based on zip codes served by American Water. American Water does not collect household income data from its customers.*

*** Non-GAAP Measure – 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.*

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

Military Services Group Provides Strategic Value

Military Services Group

- *Regulated-like earnings*
- *Favorable ROI opportunity*
- *Capital light / cash flow positive*
- *Positive branding*
- *Leverage core competencies*
- *Dual wins for AWK & U.S. ESG values*

Currently Serving 18 Military Installations

- **12** Army
- **5** Air Force
- **1** Navy
- **0** Marine Corps

70 Additional Installation Opportunities

- **15** Army
- **23** Air Force
- **19** Navy
- **13** Marine Corps

2023 Results and 2024 Outlook

Strong 2023 Results: Executing the Plan

EPS Growth Driven by Regulatory Execution, Favorable Weather

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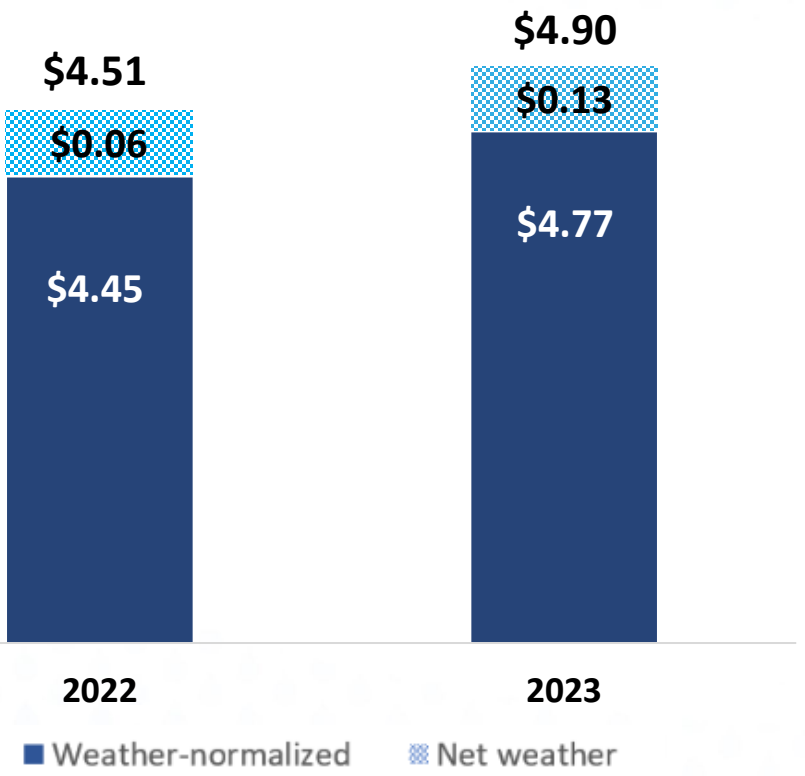
Earnings Per Share

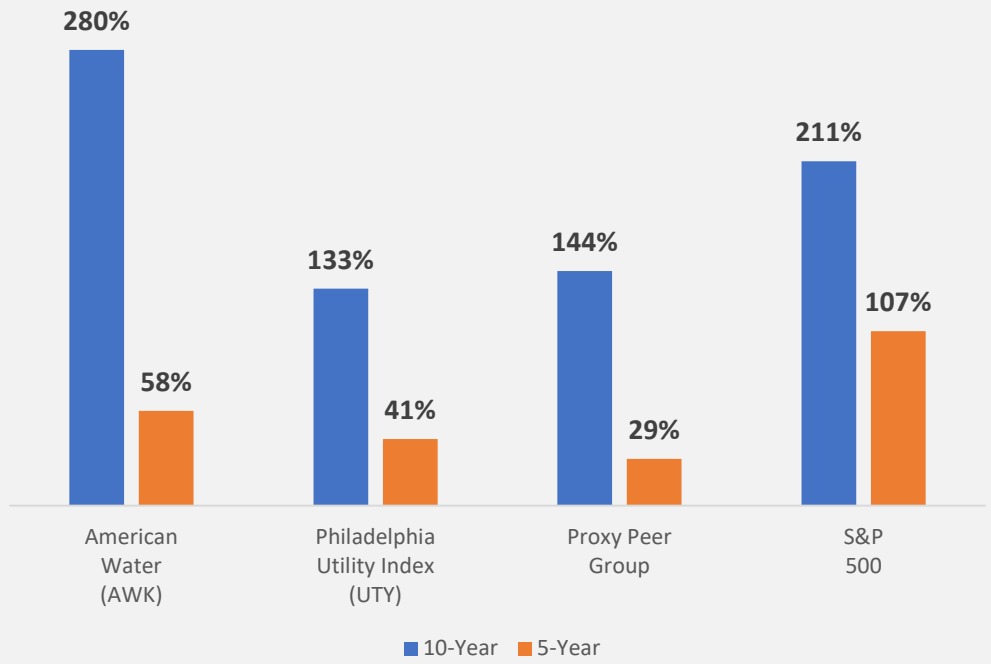


2023 Highlights

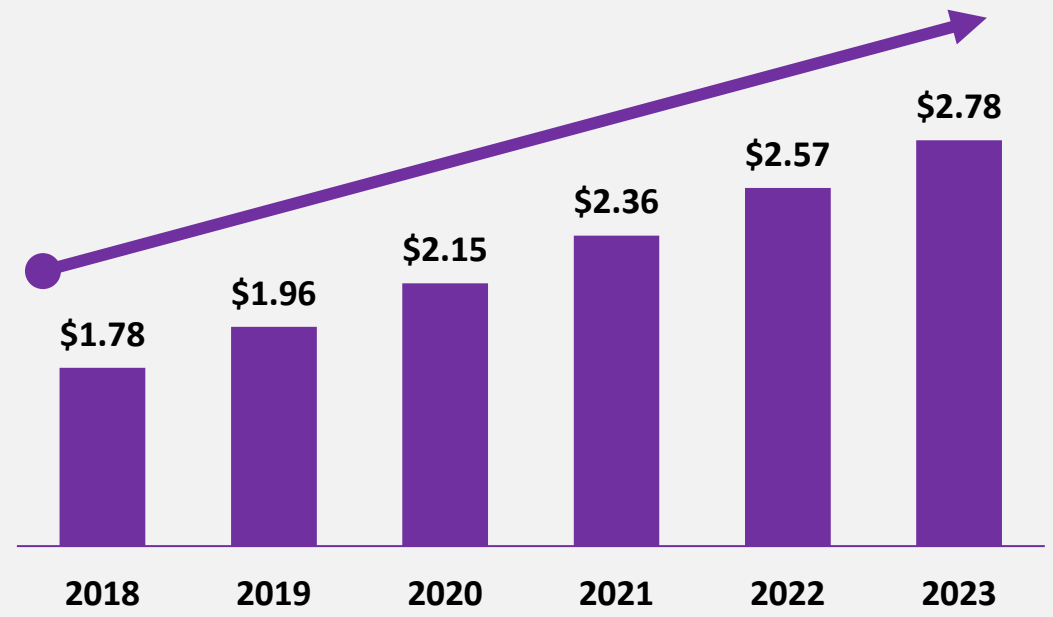
- ✓ Achieved our planned EPS growth for the year on a weather normalized basis
- ✓ New rates effective in PA, IL, VA and MO
- ✓ Invested approx. $2.7 billion in our systems
- ✓ Closed on 23 acquisitions; $589M of acquisitions under agreement as of December 31
- ✓ Issued $1.7 billion in common stock in March and $1.0 billion in exchangeable senior notes in June, due 2026
- ✓ Published 2021-2022 Sustainability Report in July

Delivering Excellent Value to Shareholders

AWK Outperforms on Total Shareholder Return



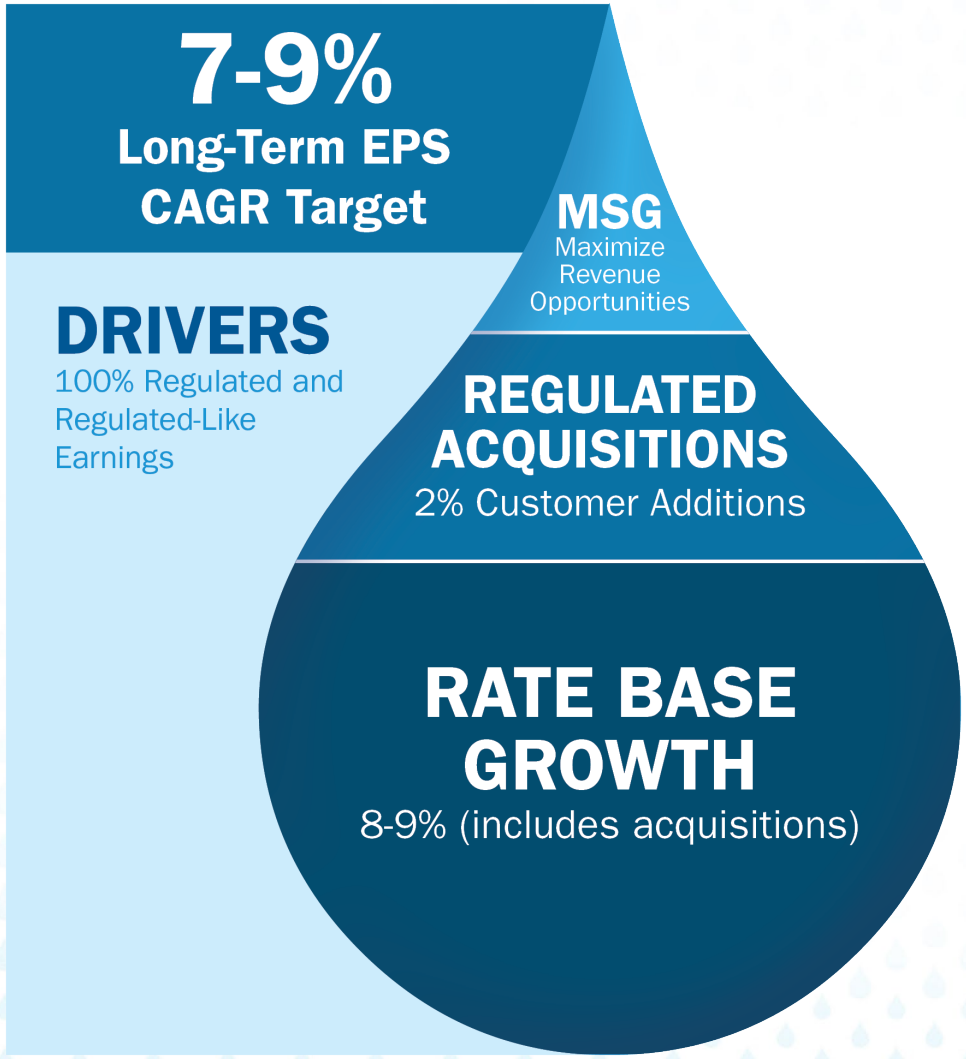
AWK's Strong and Consistent Dividend Growth



Note: TSR as of 12/31/23. Source: FactSet.

Strong and Sustainable Growth Outlook for Future

EPS GROWTH OUTLOOK



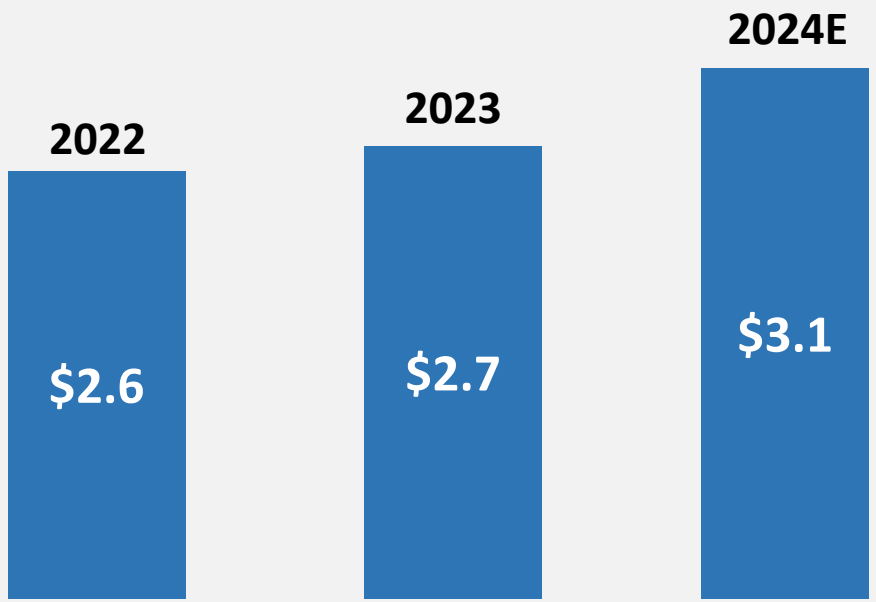
Long-Term Financial Targets

- Drivers of Sustainable Shareholder Return
  - EPS Growth 7-9%
  - Dividend Per Share Growth 7-9%
  - Customer Affordability +
  - ESG Leadership +
- Additional Supportive Targets
  - Dividend Payout Ratio 55-60%
  - Debt to Capital <60%

Investments Drive Continued Rate Base Growth

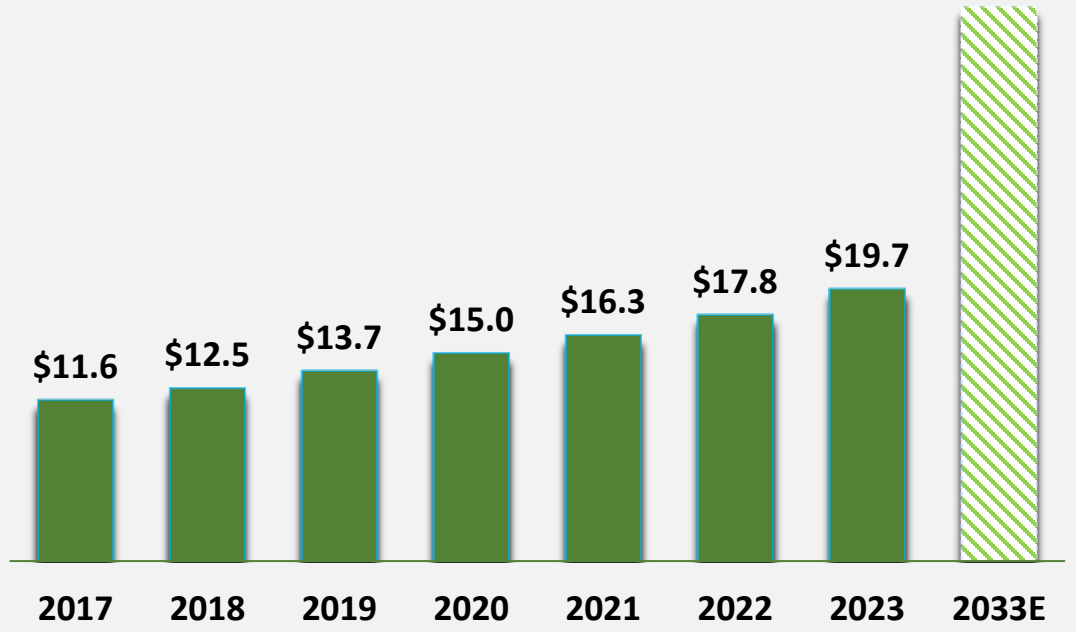
Foundational to Overall Growth

Regulated Capital Investments (Includes Acquisitions)
$ in billions



Estimated Rate Base* (Includes Acquisitions)
$ in billions

~8-9% CAGR for Rate Base



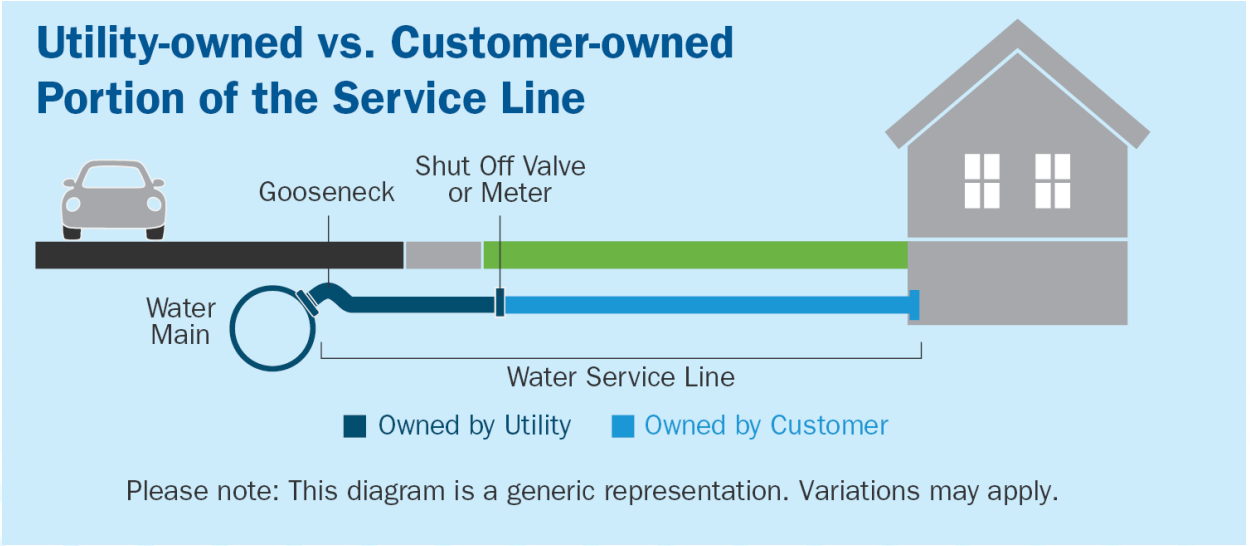
Note: annual rate base totals include New York American Water through 2021. New York's 2021 rate base was $0.5 billion.

** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

Lead Service Lines Remain in Focus

Review of U.S. EPA's Proposed Lead and Copper Rule Improvements

- On November 30, 2023, the United States Environmental Protection Agency (EPA) announced proposed Lead and Copper Rule Improvements (LCRI).
- American Water submitted oral and written comments to the EPA on its proposed LCRI regulation in early 2024.
- American Water consistently meets water quality standards related to the lead and copper rules across our footprint and believes removing the risk of lead service lines over time is the right thing to do for the health and safety of our customers.
- Developing an accurate, comprehensive inventory, including identifying the material of service lines where the material is currently unknown, is an important next step in eliminating lead service lines.
- We believe all stakeholders must understand the costs associated with the proposed improvements to the Lead and Copper Rule and that the EPA estimates are likely understated. The cost to identify the material of all unknown service lines and replace all lead service lines and galvanized lines, where needed, by 2037 will require significant investment for all water systems.
- American Water is currently developing preliminary estimates based on the proposed LCRI. Our actual expenses will be dependent upon multiple factors, including the requirements in the final rule, the number of unknown service lines identified as lead or galvanized requiring replacement.



2024-2028 Capital Investment Plan – *same as Nov. 2023*

Significant Capital for PFAS and Lead; In-House Expertise Remediating Both

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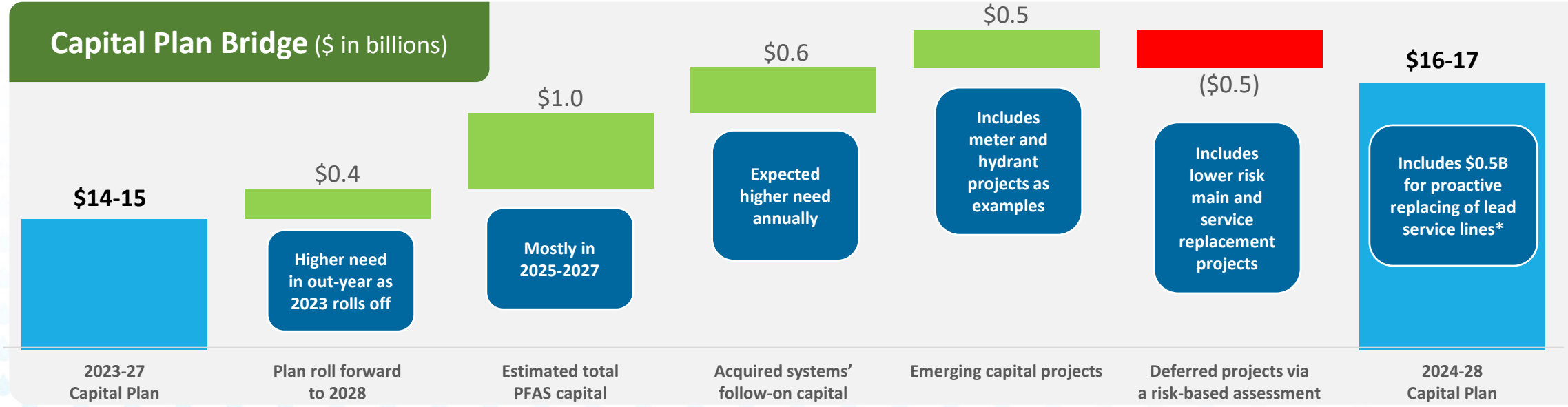
Proposed Federal PFAS Rule Recap

- March 2023: The United States EPA proposed drinking water standards for six PFAS.
- American Water estimates **~$1 billion of capital over a 3 to 5-year** period, mostly in 2025-2027, will be needed to comply with the rule as proposed, plus up to ~$50 million annually for operating expenses.

PFAS Litigation Update

- American Water is a party to the Multi-District Litigation (MDL) lawsuit against several PFAS manufacturers.
- In Dec. 2023, we decided to remain a party to two settlements, which we believe is the optimal path for our customers.
- In Feb. 2024, the MDL court approved the DuPont settlement and held a fairness hearing on the 3M settlement; decision pending

Capital Plan Bridge ($ in billions)



** To be determined how much, if any, additional capital would be needed in 2024-2028 under proposed Lead and Copper Rule Improvements*

General Rate Case and Legislative Updates

Rate Cases in Progress

Illinois American Water
- Rate case filed 1/25/24
- Capital Investment of ~$557 million
- Rates expected to be effective early 2025

New Jersey American Water
- Rate case filed 1/19/24
- Capital Investment of ~$1.3 billion
- Rates expected to be effective Fall 2024

Pennsylvania American Water
- Rate case filed 11/8/23
- Capital Investment of ~$1 billion
- Rates expected to be effective Aug. 2024

Virginia American Water
- Rate case filed 11/1/23
- Capital Investment of ~$110 million
- Interim rates expected to be effective May 2024

West Virginia American Water
- Rate case filed 5/1/23
- Capital Investment of ~$340 million
- Rates expected to be effective Feb. 2024

California American Water
- Rate case filed 7/1/22
- Will establish rates for the period 2024-2026
- Three-year capital investment of ~$462 million
- Order expected 2H 2024, with rate retroactive back to Jan. 1, 2024

Kentucky American Water
- Rate case filed 6/30/23
- Capital Investment of ~$330 million
- Rates expected to be effective Feb. 2024

Completed Rate Cases in 2023/YTD 2024

Virginia American Water
- General Rate Case
- Additional authorized revenues of $11 million
- Effective 4/24/23; interim rates were effective 5/1/2022

Missouri American Water
- General Rate Case
- Additional authorized revenues of $95 million, including $51M for infrastructure surcharges previously approved
- Effective 5/28/23

Indiana American Water
- General Rate Case
- Additional authorized revenues of $66 million, excluding previously recovered infrastructure surcharges
- Three step increase of $25 million effective Feb. 2024, $17 million in May 2024, and $24 million in May 2025

Legislative Updates

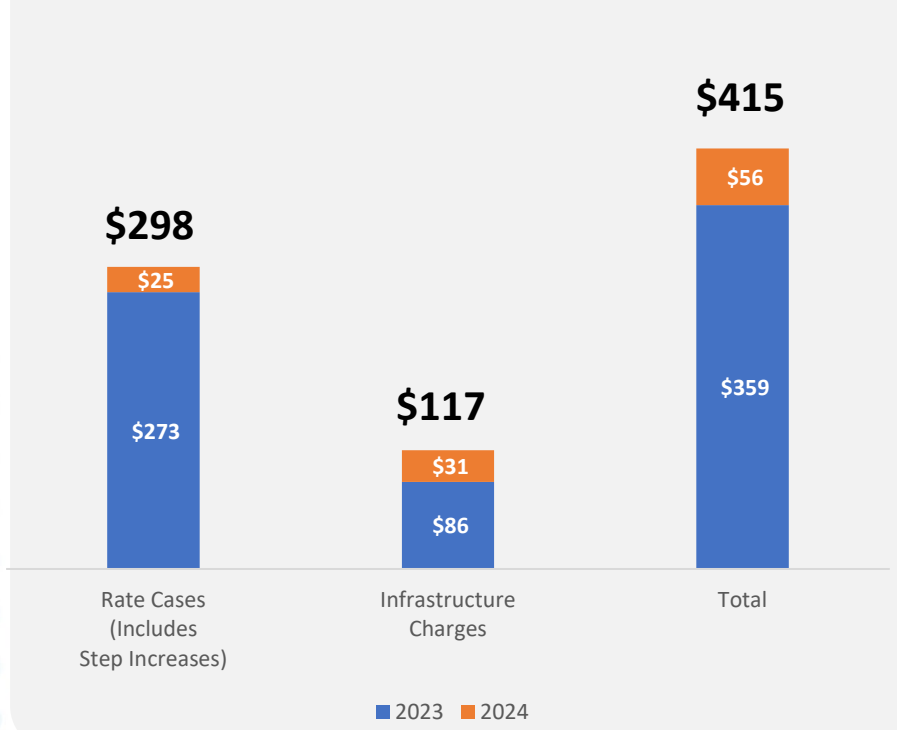
- New Jersey Assembly Bill A4791, was signed and effective January 16, 2024. This bill establishes the Resiliency and Environmental System Investment Charge Program (RESIC), which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance, safety, and public health.
- On Feb. 2, the California CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026.

Annualized Revenue from Rate Proceedings

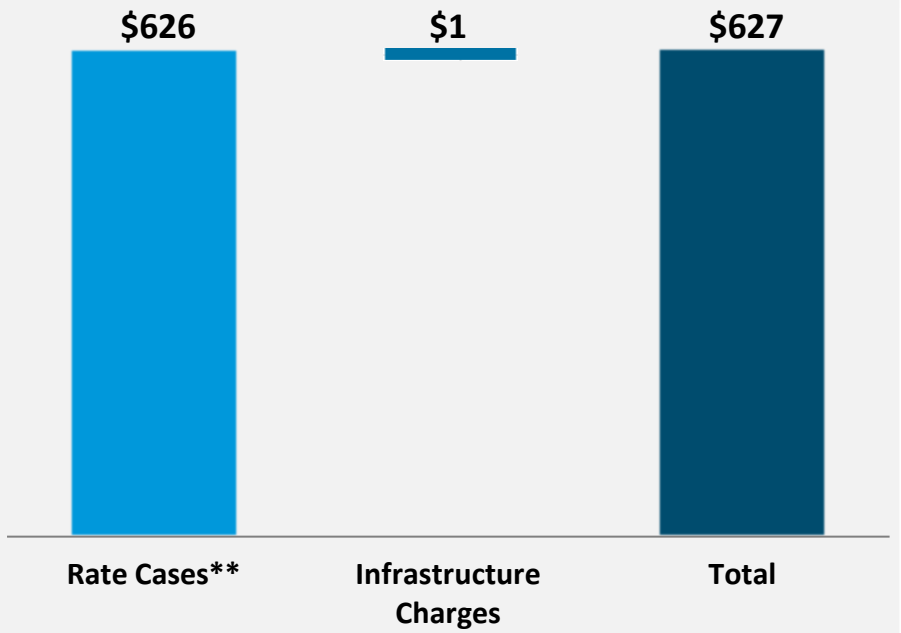
($ in millions)

Rate Filings Completed*

Effective since January 1, 2023



Requested Revenue in Pending Rate Proceedings



** Annualized revenue increase for rates effective since January 1, 2023*

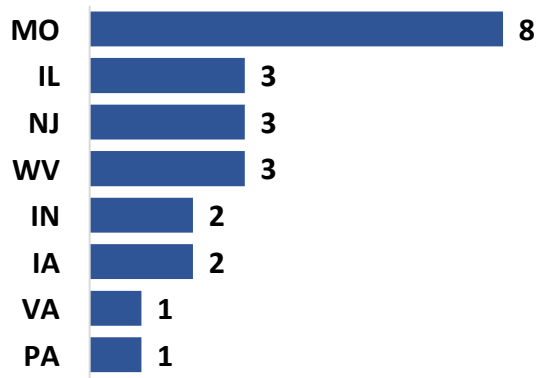
*** Excludes revenue already approved through infrastructure mechanisms*

Strong Outlook for Acquisitions; $589M Under Agreement

Pipeline Balanced Across Many States

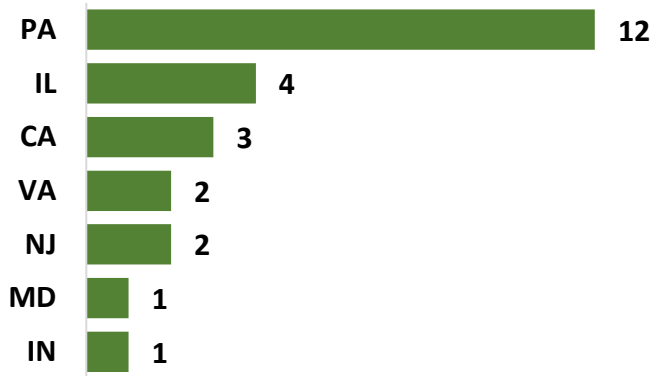
Closed
As of December 31, 2023

~18,100 Customer Connections
23 Acquisitions in 8 States, $77M



Under Agreement
As of December 31, 2023

~88,300 Customer Connections
25 Acquisitions in 7 States, $589M



Acquisition Activity Last 5 Years (2019-2023)

116 Acquisitions in 12 states added nearly 200,000 Customer Connections

- Acquisitions added a total of ~57,600 water connections and ~141,400 wastewater connections

>1.3 Million Customer Connections in Pipeline

Review of Sale of Homeowner Services (HOS) and February 2024 Amendment to Secured Seller Note

Review of Dec. 2021 Sale of HOS to Funds Advised by Apax Partners and Amendment to Secured Seller Note

- American Water sold the former HOS business for $1.2B in Dec. 2021; potential $75M earn-out by 12/31/23 (now achieved)
  - Received $480M cash up front, plus $720M secured seller note due Dec. 2026 with 7% annual interest rate
  - Separate revenue sharing agreement added another source of ongoing earnings
- Initial cash proceeds were redeployed into the Regulated Businesses to fund near-term incremental capital investments
- In February 2024, Secured Seller Note was amended to roll-in $75M, increase interest rate to 10%, and strengthen credit terms, coupled with agreement to remove American Water option to require early repayment

($ in millions)	**Original Terms** *as of Dec. 2021*
Cash at Closing, Dec. 2021	$480
Additional Cash Proceeds Due 2023	$75
Secured Seller Note @7%, Due Dec. 2026	$720
Total Proceeds	**$1,275**

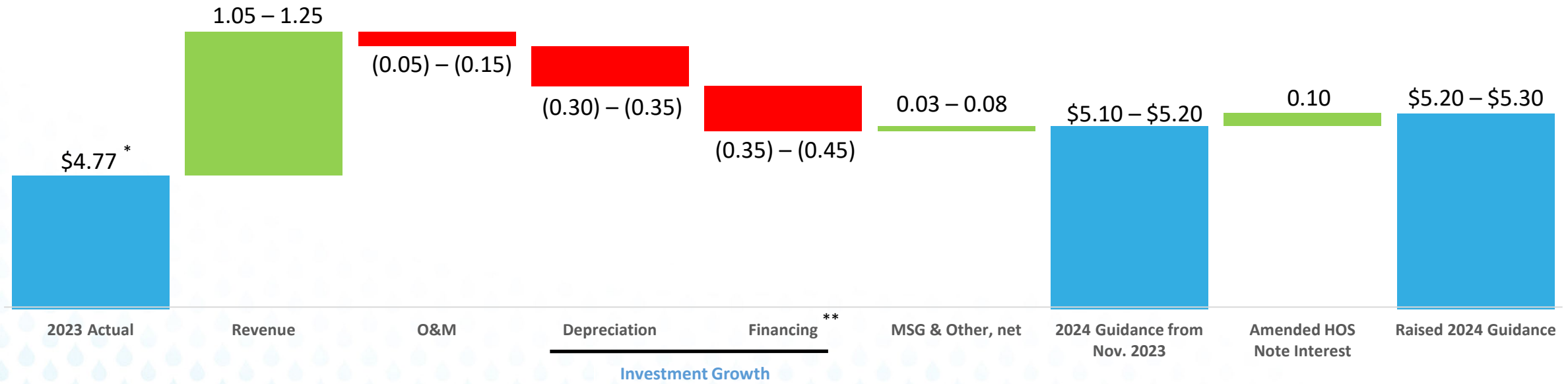
($ in millions)	**Amended Terms** *as of Feb. 2024*
Cash at Closing, Dec. 2021	$480
Secured Seller Note @ 10%, Due Dec. 2026	$795
Total Proceeds	**$1,275**

Raised 2024 EPS Guidance to $5.20 to $5.30

Increase of $0.10 per share due to legacy note receivable restructuring

2024 Growth Drivers

- Revenue growth in base rates and in infrastructure mechanisms from capital investment
- Focus on customer affordability by continuing to drive effective and efficient cost management strategies
- Raised 2024 EPS guidance by $0.10 to reflect the Feb. 2024 amendment of the note receivable related to the Dec. 2021 sale of HOS and successful earn-out of $75M contingent consideration
  - Note remains due Dec. 2026; total note now $795M (from $720M), interest rate now 10% (from 7%)



** Excludes weather of $0.13 per share net favorable in 2023 ($0.07 in Q2, $0.04 in Q3, $0.02 in Q4)*

*** Reflects ($0.06) per share of share count dilution*

Successfully Completed 2024 Financing Plan

- Successfully completed our long-term debt financing for the year with issuance of Senior Notes
- ***Issuance demonstrates proactive execution in a challenging market environment to fund growth and manage financing costs for the benefit of customer affordability and shareholder value***

Successfully Executed $1.4 Billion Senior Note Offering

Issuer	American Water Capital Corp.
Pricing Date	February 20, 2024
Issue Type	10yr & 30yr Senior Unsecured
Size	$700M & $700M
Annual Interest Rate	5.150% & 5.450%

Continued Strong Balance Sheet and Credit Ratings

AWK Long-Term Senior Unsecured Ratings

S&P Global	Moody's
A	Baa1
(Stable Outlook)	*(Stable Outlook)*

Ratings and Stable Outlook affirmed at S&P / Moody's (Feb. '23/Jan. '24)

- ✓ Low risk business profile
- ✓ Strong regulatory jurisdictions
- ✓ Supportive financial plans

Total Debt to Total Capital

As of December 31, 2023: **55%**

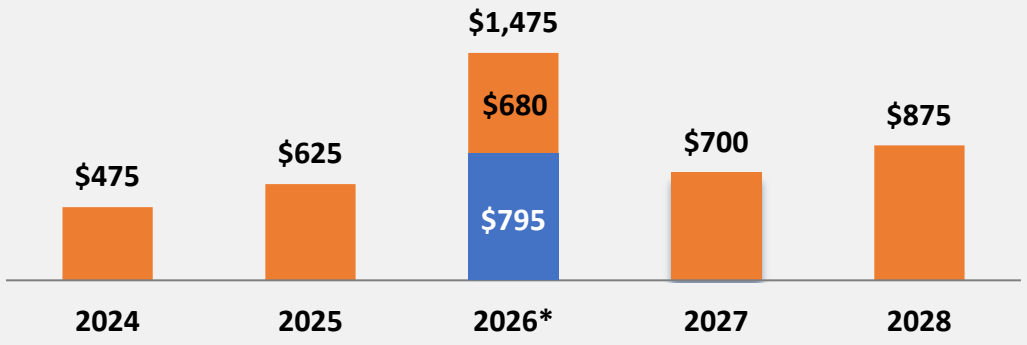
Long-Term Target: **<60%**

Note: December 31, 2023 percentage shown is net of cash and cash equivalents of $330 million.

Consolidated Debt Maturity Profile

as of December 31, 2023 (Rounded)

($ in millions)



**Proceeds of $795 million from the note related to the sale of HOS are due to the Company in December 2026*

Liquidity Profile

($ in millions, rounded)

Available Liquidity as of 12/31/23



Credit Facility

- ✓ Credit Facility capacity of $2.75 billion
- ✓ Maturity date of October 2028
- ✓ Increased capacity in October 2022 to support growing business and capital investment plan

Appendix

Forward-Looking Statements

Certain statements made, referred to or relied upon in this presentation including, without limitation, 2024 earnings guidance, the Company's long-term financial, growth and dividend targets, the ability to achieve the Company's strategies and goals, customer affordability and acquired customer growth, the outcome of the Company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, 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," "likely," "uncertain," "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 American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, 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. The Company's actual results may vary 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, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per-polyfluoroalkyl substances (PFAS), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; 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; the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from the required or voluntary public and other disclosures related thereto; the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the Company's capital requirements; the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers; the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations; the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, the Company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the Company's ability to receive amounts due, payable and owing to the Company under the amended seller note when due, and the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the Company's operations; the Company's ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's ability to maintain safe work sites; the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this presentation. American Water does 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. 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.

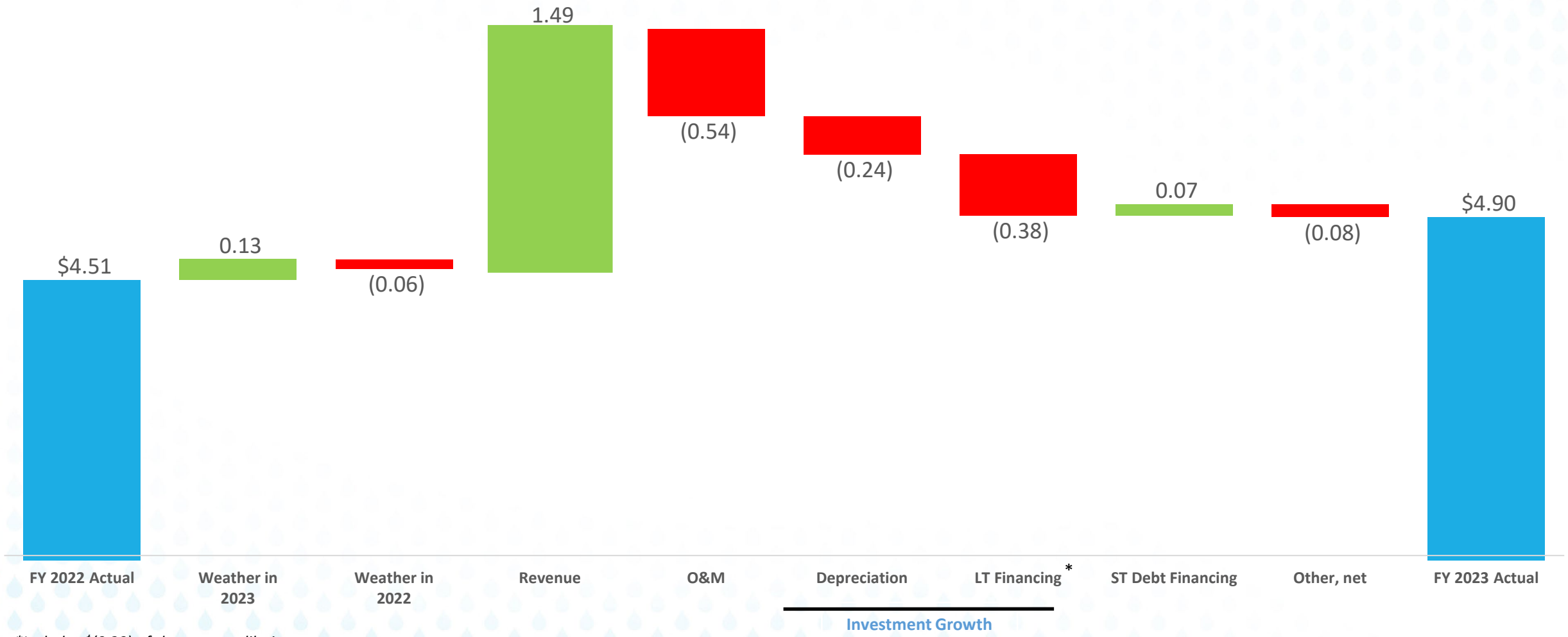
Non-GAAP Financial Information

This presentation includes adjusted regulated O&M efficiency ratios, both historical and forward-looking, which exclude from their calculation (i) estimated purchased water and other revenues and purchased water expenses, (ii) the impact of the Freedom Industries chemical spill in 2016 and 2019 and certain related settlement activities recognized in 2016 and 2019, (iii) the estimated impact in 2013 of weather, (iv) as to operating revenues, the amortization of excess accumulated deferred income taxes, and (v) the allocable portion of non-O&M support services costs, mainly depreciation and general taxes. Also, an alternative presentation of these ratios has been provided for each of 2010, 2013 and 2016, which includes a pro forma adjustment for the impact of the Tax Cuts and Jobs Act of 2017, and includes for 2013 and 2016 the impact of our implementation of Accounting Standards Update 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. These items were excluded from the O&M efficiency ratio calculation as they are not reflective of management's ability to increase the efficiency of our regulated businesses. For that reason, these adjusted regulated O&M efficiency ratios constitute "non-GAAP financial measures" under SEC rules. We evaluate our operating performance using these ratios and believe that the presentation of them is useful to investors because the ratios directly measure improvement in the operating performance and efficiency of our regulated businesses. These ratios are derived from our consolidated financial information but are not presented in our consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures supplement and should be read in conjunction with our GAAP disclosures and should be considered as an addition to, and not a substitute for, any GAAP measure. These ratios (i) are not accounting measures based on GAAP; (ii) are not based on a standard, objective industry definition or method of calculation; (iii) may not be comparable to other companies' operating measures; and (iv) should not be used in place of the GAAP information provided elsewhere in this presentation. Management is unable to present a reconciliation of adjustments to the components of the forward-looking adjusted regulated O&M efficiency ratio without unreasonable effort because management cannot reliably predict the nature, amount or probable significance of all the adjustments for future periods; however, these adjustments may, individually or in the aggregate, cause each of the non-GAAP financial measure components of the forward-looking ratios to differ significantly from the most directly comparable GAAP financial measure.

Set forth in this appendix are tables that reconcile each of the components of our historical adjusted regulated O&M efficiency ratios to its most directly comparable GAAP financial measure.

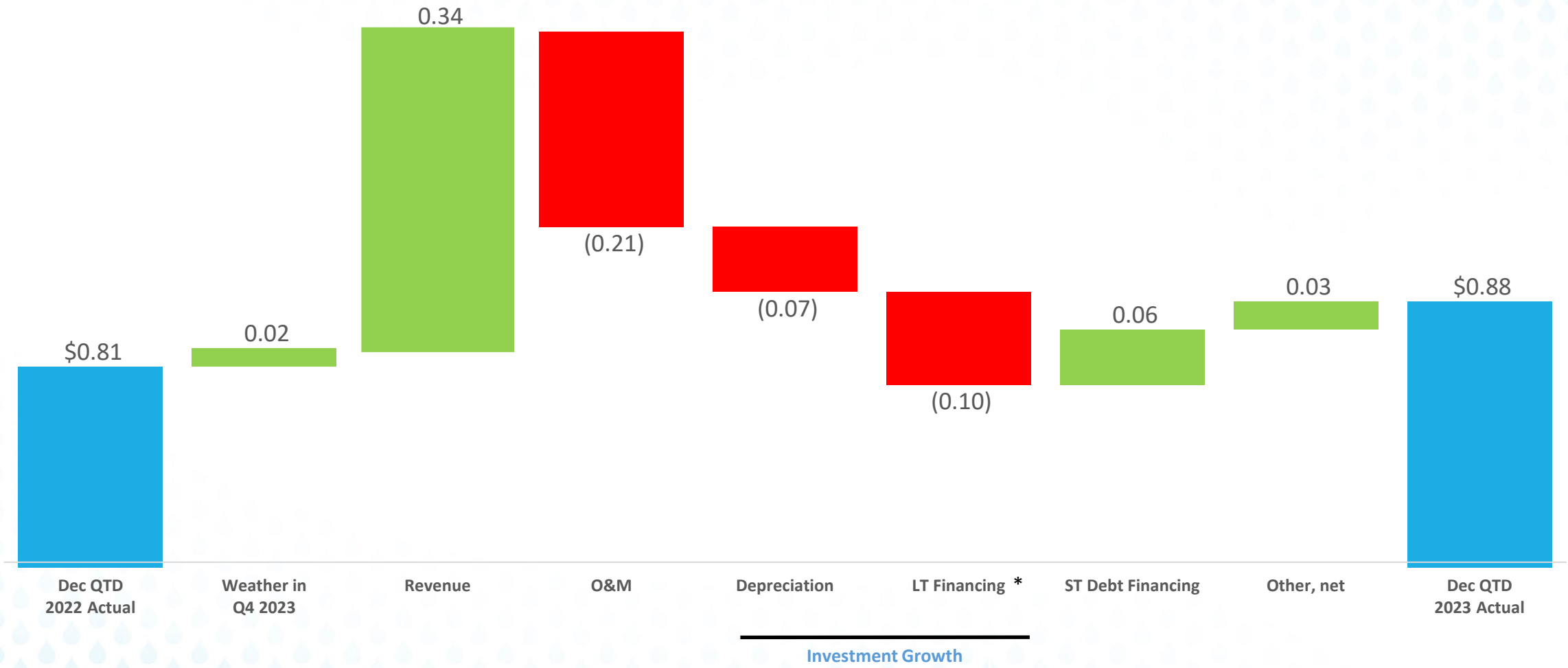
All references throughout this presentation to EPS or earnings per share refer to diluted EPS attributable to common shareholders.

Reconciliation of 2023 EPS Results Compared to 2022



*Includes $(0.29) of share count dilution.

Reconciliation of Fourth Quarter 2023 EPS Results Compared to 2022



*Reflects $(0.06) per share of share count dilution.

Reconciliation of Estimated Rate Base

($ in billions)

Estimated Rate Base*

	As of 12/31/2023
Net Utility Plant	$25.3
Less	
Advances for Construction	$0.3
CIAC – Contributions in Aid of Construction	$1.5
Net Deferred Income Taxes	$3.8
	$5.6
Total Estimated Rate Base	**$19.7**

** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

Financing the 2024-2028 Capital Investment Plan

($ in millions)

Prior Plan: 2023-2027	
Operating Cash Flows	$10,000
Incremental Debt Financing	$5,300
Equity Issuance	*$2,000
Sale Proceeds (HOS)	$795

Current Plan: 2024-2028	
Operating Cash Flows	$11,900
Incremental Debt Financing	$7,000
Equity Issuance	$1,000
Sale Proceeds (HOS)	$795

- **$1.0B equity issuance in 2024-2028 plan, driven by increased five-year capital plan**
  - **Likely to issue the planned equity in the middle of the new, 2024-2028 plan, subject to market conditions**

** $1.7 billion of common stock issued on March 3, 2023*

Closed Acquisitions

AMERICAN WATER

December 31, 2023

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Missouri	8	1,600	1,500	3,100
Illinois	3	1,400	1,300	2,700
New Jersey	3	1,600	5,200	6,800
West Virginia	3	3,700	900	4,600
Iowa	2	200	100	300
Indiana	2	200	-	200
Pennsylvania	1	100	-	100
Virginia	1	300	-	300
Total	23	9,100	9,000	18,100

Acquisitions Under Agreement

AMERICAN WATER

December 31, 2023

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Pennsylvania	12	7,700	29,600	37,300
Illinois	4	500	32,100	32,600
California	3	1,300	-	1,300
New Jersey	2	2,300	2,300	4,600
Virginia	2	1,400	1,400	2,800
Indiana	1	8,000	-	8,000
Maryland	1	1,700	-	1,700
Total	25	22,900	65,400	88,300

Rates Effective Since…

January 1, 2023

($ in millions)

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases
Illinois	1/1/2023	$67[a]
California, Step Increase	1/1/2023	13
Pennsylvania	1/28/2023	138[b]
Virginia	4/24/2023	11[c]
Missouri	5/28/2023	44[d]
	Sub-Total	**$273**

Infrastructure Charges	Date Effective	Annualized Revenue Increases
West Virginia (DSIC)	1/1/2023	$7
Pennsylvania (DSIC)	1/1/2023	3
Missouri (WSIRA)	1/16/2023	14
Indiana (SEI)	3/8/2023	6[e]
Indiana (DSIC)	3/23/2023	20
New Jersey (DSIC)	4/29/2023	16
New Jersey (WSIC)	6/29/2023	1
Kentucky (QIP)	10/1/2023	4
New Jersey (DSIC)	10/30/2023	15
	Sub-Total	**$86**
	2023 Total	**$359**

January 1, 2024

Infrastructure Charges	Date Effective	Annualized Revenue Increases
Illinois (QIP)	1/1/2024	$5
Missouri (WSIRA)	1/20/2024	26
	Sub-Total	**$31**

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases
Indiana	2/21/2024	$25[f]
	Sub-Total	**$25**
	2024 Total	**$56**

a) The Company's Illinois subsidiary was authorized additional annualized revenues of $67.1 million, excluding reductions in revenues for infrastructure surcharges in the amount of $18.3 million.
b) The Company's Pennsylvania subsidiary was authorized additional annualized revenues of $138 million, excluding reductions in revenues for infrastructure surcharges in the amount of $24.3 million.
c) On April 24, 2023, the Company's Virginia subsidiary was authorized additional annualized revenues of $10.75 million. Interim rates were effective May 1, 2022, and the difference between interim and final Commission approved rates are subject to refund with interest within 90-days of the date of the Order.
d) The Company's Missouri subsidiary was authorized additional annualized revenues of $44.3 million, excluding reductions in revenues for infrastructure surcharges in the amount of $50.7 million.
e) The Company's Indiana subsidiary was authorized additional annualized revenues of $5.5 million, 80% of which will be collected now, the remaining 20% will be collected in the next rate case, with carrying costs.
f) The Company's Indiana subsidiary was authorized annualized revenues of $24.96 million for Step 1, this excludes the $40.5 million for infrastructure surcharges. This excludes the Step 2 and 3 rate increase be effective in May 2024 and May 2025 in the amount of $17.1 million and $24.3 million, respectively. The total revenue requirement for the three step rate case cycle is $66.3 million.

Pending Rate Case Filings

($ in millions)

Rate Cases Filed	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
California [a]	Case No. A.22-07-001	7/1/2022	$37	NA	$921
West Virginia [b]	Docket No. 23-0383-W-42T	5/1/2023	45	10.50%	955
Kentucky [c]	Case No. 2023-00191	6/30/2023	26	10.75%	588
Virginia	Case No. PUR-2023-00194	11/1/2023	20	10.95%	364
Pennsylvania [d]	Case R-2023-3043189 & 3043190	11/8/2023	204	10.95%	6,096
New Jersey [e]	Docket No. WR24010056	1/19/2024	162	10.75%	5,067
Illinois [f]	Docket No. 24-0097	1/25/2024	132	10.75%	2,219
		Sub-Total	$626		$16,210

Infrastructure Surcharges Filed

Iowa (QIP)	1/31/2024	$1		$11
	Sub-Total	$1		$11
	Total	$627		$16,221

a) The Company's California subsidiary has requested additional annualized revenues of $55.8 million for test year 2024. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $19.5 million and $19.8 million. The total revenue requirement request, based on present rates effective at the time of filing, for the three year rate case cycle is $95.1 million. The Company updated its filing in January 2023 to incorporate a decoupling proposal, the revised requested additional annualized revenues for the test year 2024 is $36.5 million. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20.1 million and $19.8 million. The total revenue requirement request for the three year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76.4 million.

b) The Company's West Virginia subsidiary has requested additional annualized revenues of $44.9 million, this excludes the $6.9 million for infrastructure surcharges.

c) The Company's Kentucky subsidiary has requested additional annualized revenues of $26.1 million, this excludes the $9.8 million for infrastructure surcharges.

d) The Company's Pennsylvania subsidiary has requested additional annualized revenues of $203.9 million, this excludes the $19.65 million for infrastructure surcharges.

e) The Company's New Jersey subsidiary has requested additional annualized revenues of $161.7 million, this excludes the $44.5 million for infrastructure surcharges.

f) The Company's Illinois subsidiary has requested additional annualized revenues of $131.6 million for Step 1 proposed to effective Jan 2025, this excludes the $5.1 million for infrastructure surcharges. This also excludes the proposed step 2 rate increase proposed to be effective in Jan 2026 in the amount of $15.7 million. The total revenue requirement request, based on present rates effective at the time of filing, for the two step rate case cycle is $147.3 million.

Regulatory Information – Top 10 States

	CALIFORNIA	ILLINOIS	INDIANA	KENTUCKY	MISSOURI
Authorized Rate Base*	$667,632[g]	$1,642,200	$1,628,439	$443,654	$2,318,849[c]
ROE	10.20%[a]	9.78%	9.65%	9.70%	9.75%[d]
Equity	57.04%[a]	49.00%	56.22%[b]	48.90%	50.00%[e]
Effective Date of Rate Case	1/1/2021[g]	1/1/2023	2/21/2024	6/28/2019	5/28/2023

	NEW JERSEY	PENNSYLVANIA	TENNESSEE	VIRGINIA	WEST VIRGINIA
Authorized Rate Base*	$4,146,492	$5,141,180[c]	$132,015	$275,038[c]	$734,028
ROE	9.60%	10.00%[d]	10.00%	9.70%	9.80%
Equity	54.56%	55.20%[e]	34.38%	40.73%	47.97%
Effective Date of Rate Case	9/1/2022	1/28/2023	11/1/2012	4/24/2023[f]	2/25/2022

**Rate Base stated in $000s*

a) On June 29, 2023, Decision 23-06-025 set the authorized cost of capital through 2024. CA has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding. The decision established an ROE of 8.98% effective 30-days after the decision date. On June 30, 2023, the Company filed to implement an automatic ROE adjustment to 9.50% for 2023 based on the Commission approved Water Cost of Capital Adjustment Mechanism (WCCM), which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023. On October 16, California American Water filed a request to increase the ROE to 10.2% for 2024, which was approved on November 15, 2023, effective January 1, 2024.

b) 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.

c) The Authorized 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.

d) The ROE 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.

e) The equity ratio listed is the Company's view of the equity ratio allowed in the case; the actual equity ratio was not disclosed in the Order or the applicable settlement agreement.

f) Interim rates were effective May 1, 2022 and received final Order April 24, 2023.

g) The Rate Base and Effective date are based off of Year 1 of the rate case. Annual adjustments are made for Year 2 and 3 which reflect authorized capital improvements for Rate Base and inflationary adjustments for O&M.

Reconciliation Table:
Regulated Segment O&M Efficiency Ratio

Regulated Segment O&M Efficiency Ratio (A Non-GAAP Unaudited Number) ($ in millions)	FY 2010	FY 2013	FY 2016	FY 2019	FY 2022	FY 2023
Total operations and maintenance expense	$1,291	$1,289	$1,504	$1,544	$1,589	$1,720
Less:						
Operations and maintenance expense – Other	196	184	328	362	244	279
Total operations and maintenance expense – Regulated Businesses	**$1,095**	**$1,105**	**$1,176**	**$1,182**	**$1,345**	**$1,441**
Less:						
Regulated purchased water expense	100	111	122	135	154	161
Allocation of non-operation and maintenance expenses	29	35	30	31	31	25
Impact of Freedom Industries activities	-	-	65	(4)	0	0
Estimated impact of weather	-	(2)	-	-	0	0
Adjusted operations and maintenance expense – Regulated Businesses (a)	**$966**	**$961**	**$959**	**$1,020**	**$1,160**	**$1,255**
Total operating revenues	$2,555	$2,879	$3,302	$3,610	$3,792	$4,234
Less:						
Operating Revenues – Other	270	285	431	516	287	314
Operating Revenues – Other						
Total pro forma operating revenues – Regulated Businesses	**$2,285**	**$2,594**	**$2,871**	**$3,094**	**$3,505**	**$3,920**
Less:						
Regulated Purchased Water expense*	100	111	122	135	154	161
Other revenue reductions for the amortization of excess accumulated deferred income taxes	-		-	-	(89)	(66)
Plus:						
Freedom Industries chemical spill in West Virginia	-	-	-	-	-	-
Estimated impact of weather	-	15	-	-	-	-
Adjusted pro forma operating revenues—Regulated Businesses (b)	**$2,185**	**$2,498**	**$2,749**	**$2,959**	**$3,440**	**$3,825**
Adjusted O&M efficiency ratio—Regulated Businesses (a)/(b)	**44.2%**	**38.5%**	**34.9%**	**34.5%**	**33.7%**	**32.8%**

Adjusted operations and maintenance expense – Regulated Businesses	**$966**	**$961**	**$959**
Less:			
Impact of adoption of ASU 2017-07**	-	16	12
Adjusted operations and maintenance expense – Regulated Businesses (c)	**$966**	**$945**	**$947**
Adjusted operating revenues—Regulated Businesses	**$2,186**	**$2,498**	**$2,749**
Less pro forma adjustment:			
Pro forma adjustment for impact of the TCJA***	89	124	161
Adjusted pro forma operating revenues—Regulated Businesses (d)	**$2,097**	**$2,374**	**$2,588**
Adjusted O&M efficiency ratio—Regulated Businesses (c)/(d)	**46.1%**	**39.8%**	**36.6%**

** 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*

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Upcoming Events

Q1 2024 Earnings Call	May 2, 2024 (projected)
Annual Shareholders Meeting (Virtual)	May 15, 2024
Q2 2024 Earnings Call	August 1, 2024 (projected)
Q3 2024 Earnings Call	October 31, 2024 (projected)