



2025 Fourth Quarter & Year-End Earnings Conference Call

February 19, 2026





Aaron Musgrave
Vice President,
Investor Relations

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, 2025, as filed with the SEC on February 18, 2026.

Non-GAAP Financial Information

This presentation includes non-GAAP financial measures. Further information regarding these non-GAAP financial measures, including a reconciliation of historical measures to the most directly comparable GAAP measure, is included in the appendix of this presentation.



John Griffith
President &
Chief Executive Officer

Strong 2025 Results: Continuing to Execute the Plan

EPS Growth Driven by Investments, Regulatory Execution



Adjusted Earnings Per Share*



☑ 2025 Highlights

- ✓ Achieved EPS and dividend **growth for the year of 8+%**
- ✓ Continued success in regulatory execution, including rate cases
 - Completed six cases - TN, VA, MO, IA, HI and KY
 - Seven active cases - WV, CA, MD, VA, PA, NJ and IL
- ✓ Entered into equity forward for ~\$1 billion; settlement assumed mid-year 2026, no further equity needs planned until 2029
- ✓ Invested \$3.2 billion, led by water infrastructure improvements
- ✓ Achieved affordability goal of <1% of MHI (avg. resid. water bill)
- ✓ \$582M of acquisitions under agreement representing ~104,000 customer connections
- ✓ Announced merger with Essential Utilities on Oct. 27
 - All required state filings were made by Dec. 31, as planned

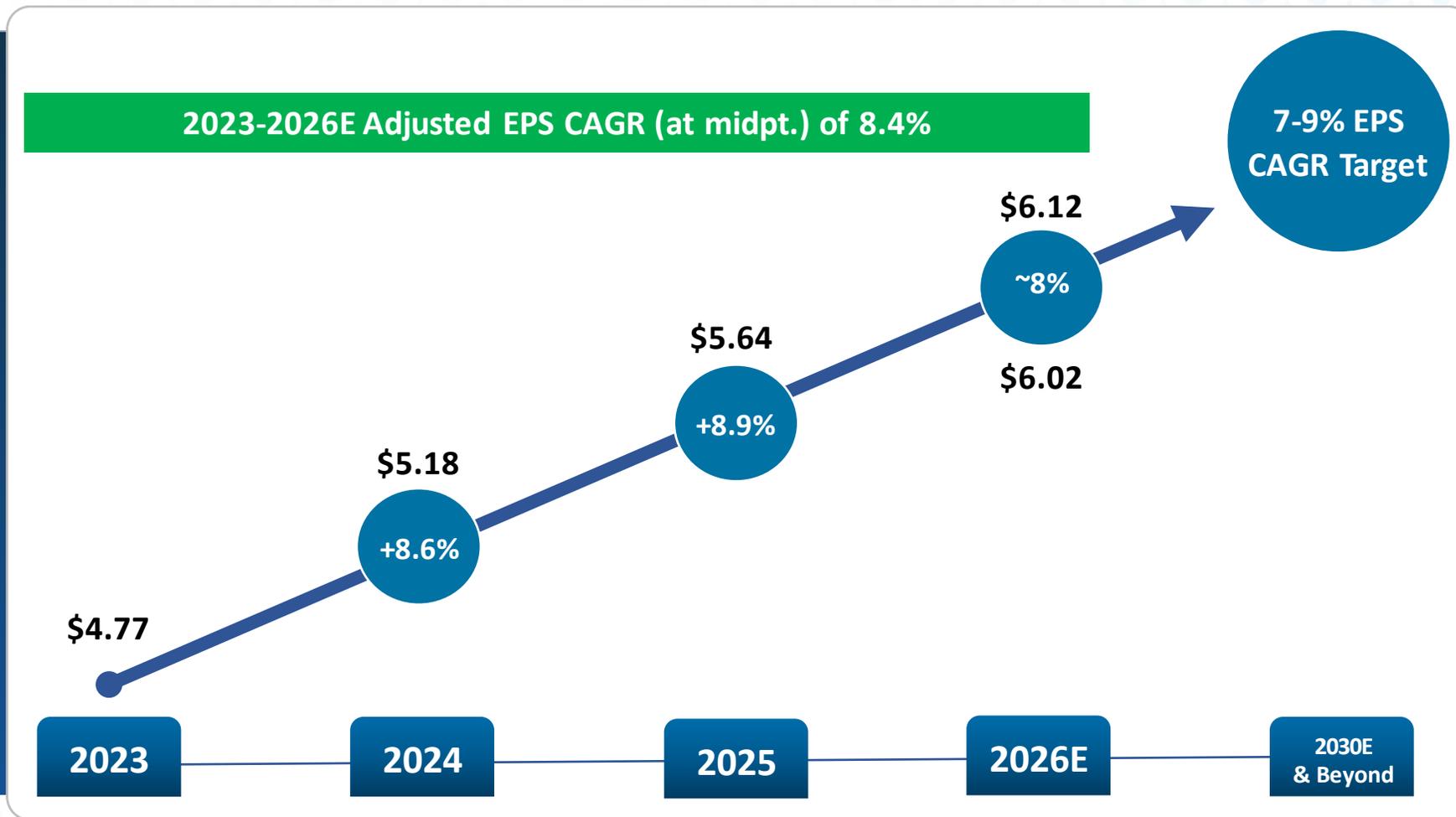
* Adjusted EPS is a non-GAAP measure. Please see appendix for reconciliation and further information.

Affirming 2026 EPS Guidance

Achieving Consistent Earnings Growth Within 7-9% Range



**2026 ADJUSTED EPS
GUIDANCE
\$6.02 - \$6.12**



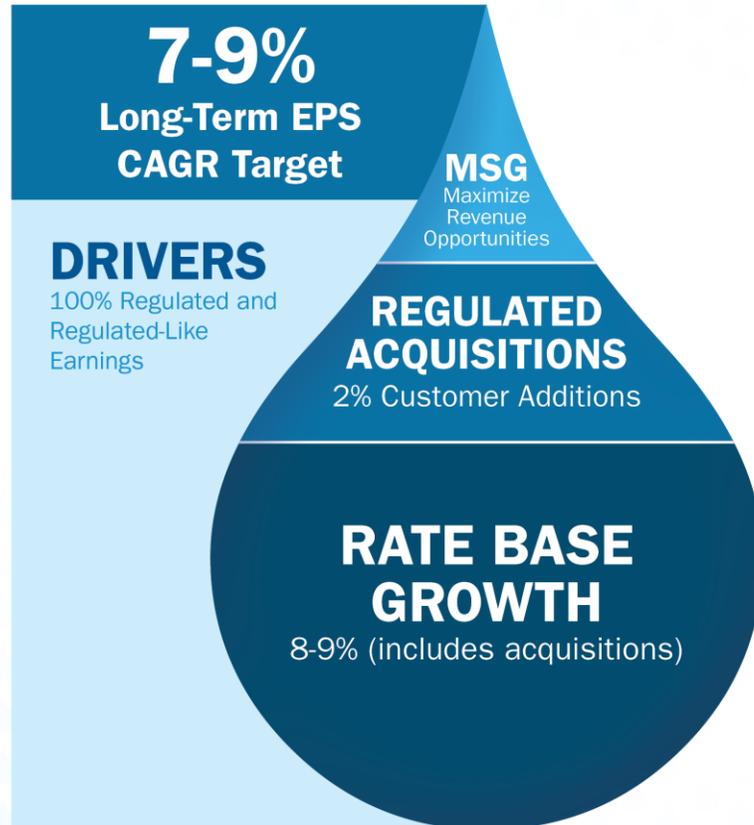
Note: Adjusted EPS is a non-GAAP measure. Please see appendix for reconciliation and further information.

Long-Term Targets Affirmed

Strong and Sustainable Growth Outlook for the Future



EPS GROWTH OUTLOOK



LONG-TERM FINANCIAL TARGETS



Progressing on the Path to Merger Close

Approvals and Timeline

Q4 2025

Filed All State Regulatory Applications

Required approvals include certain public utility commissions



Q1 2026

Shareholder Approvals Received

AWK and WTRG shareholders overwhelmingly approved merger proposals on Feb. 10



Q2 2026 – Q1 2027

Obtain Regulatory Approvals

Approvals needed from state regulators including PA, TX, NC, NJ, IL, VA, and KY, as well as Hart-Scott-Rodino



Q1 2027

Transaction Close

Transaction expected to close by end of Q1 2027

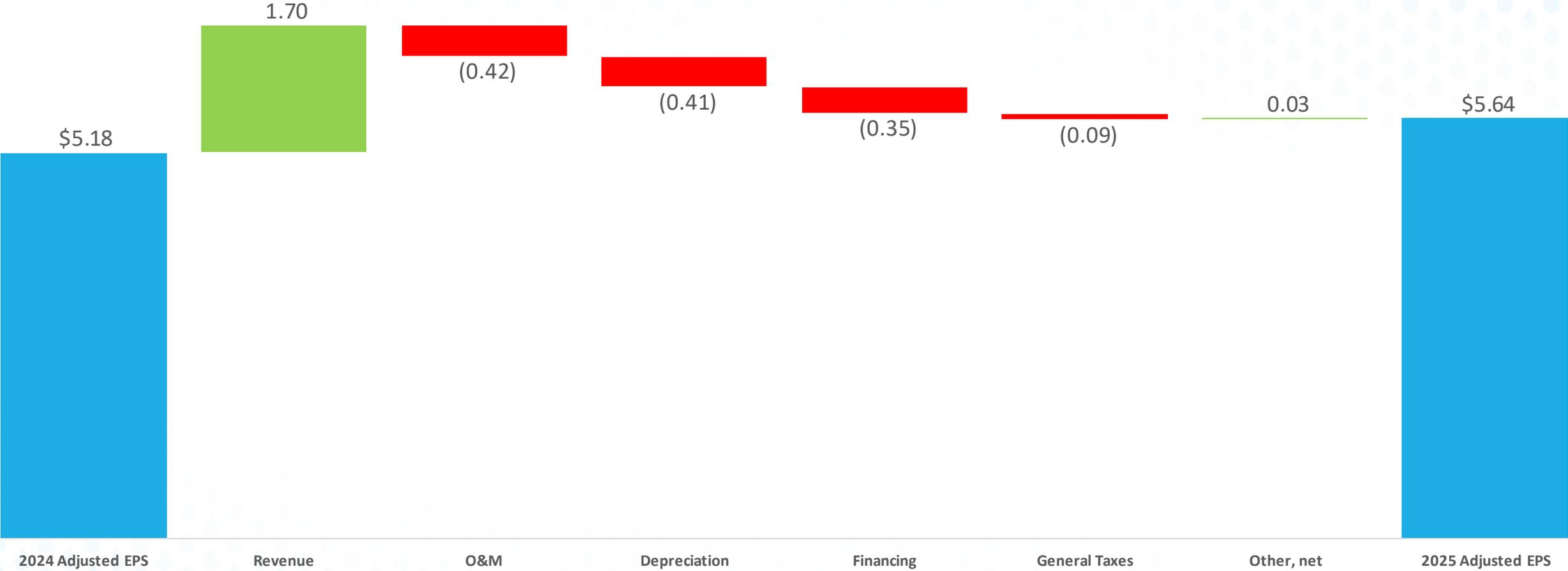




David Bowler

Executive Vice President &
Chief Financial Officer

Details of 2025 Adjusted EPS



Note: Adjusted EPS is a non-GAAP measure. Please see appendix for reconciliation and further information.

2025 Completed Rate Cases



State Subsidiary	Capital Investment	Authorized ROE	Equity Layer	Additional Authorized Revenue	Rates Effective Date
Kentucky	\$212 million	9.70%	52.26%	\$18 million	December 16, 2025
Hawaii	\$41 million	9.75%	52.11%	\$1 million	August 1, 2025
Iowa	\$157 million	9.60%	52.57%	\$13 million	August 1, 2025
Missouri	\$1.1 billion	9.75%	50.00%	\$63 million	May 28, 2025
Virginia	\$110 million	9.70%	45.67%	\$15 million	February 24, 2025
Tennessee	\$173 million	9.70%	44.19%	\$1 million	January 21, 2025

Other Regulatory Update

On November 18, 2025, the California Public Utilities Commission granted the request for a further one-year extension of the cost of capital filing to May 1, 2027, to set our authorized cost of capital beginning January 1, 2028. The ROE will remain 10.20% through Dec. 31, 2027, unless the Water Cost of Capital Mechanism is triggered when next measured on Sept. 30, 2026.

General Rate Case Updates



Rate Cases in Progress

State Subsidiary	Date Filed	Capital Investment	Rates Expected Effective Date	Next Steps
Illinois	January 27, 2026	\$577 million	January 2027	Discovery begins in Feb., Testimony expected in summer
New Jersey	January 16, 2026	\$1.4 billion	Fall 2026	Discovery begins in Feb., Testimony expected in summer
Pennsylvania	November 14, 2025	\$1.2 billion	August 2026	Rebuttal in Feb., Hearings in March
Virginia	November 3, 2025	\$115 million	May 2, 2026	Intervenor testimony in April, Rebuttal in May
Maryland	August 1, 2025	\$22 million	March 2026	Settlement reached, awaiting final order
California	July 1, 2025	\$750 million	January 1, 2027	Rebuttal in March, Hearings in April
West Virginia	May 5, 2025	\$300 million	March 1, 2026 March 1, 2027	Awaiting final order by the end of Feb.

Date of Previous Rate Case Filings by State

IN	TN	IA	MO	HI	WV*	KY	CA*	MD*	VA*	PA*	NJ*	IL*
Mar. 31, 2023	May 1, 2024	May 1, 2024	July 1, 2024	Aug. 2, 2024	May 5, 2025	May 16, 2025	July 1, 2025	Aug. 1, 2025	Nov. 3, 2025	Nov. 14, 2025	Jan. 16, 2026	Jan. 27, 2026

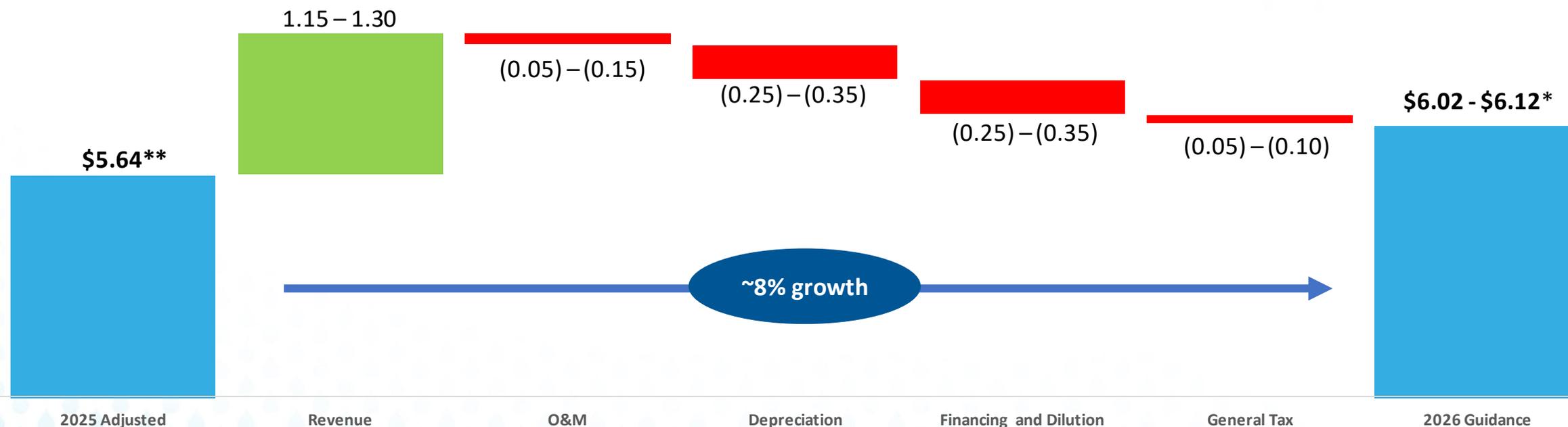
*In progress

Affirming 2026 EPS Guidance of \$6.02 to \$6.12*



2026 Growth Drivers

- ✓ **Adjusted EPS growth of ~8% in 2026 vs. 2025**
 - ✓ Revenue growth in base rates and in infrastructure mechanisms from capital investment
 - ✓ Focus on customer affordability and driving effective and efficient cost management strategies
 - ✓ De-risked 2026 financing plan via strategic forward equity contract at strong pricing; assumes settlement mid-year 2026
 - ✓ \$795 million HOS note was repaid in full on February 13, 2026



* The 2026 adjusted EPS guidance range does not include (i) estimated transaction costs to be incurred by the company during 2026 related to the proposed merger with Essential Utilities, (ii) impacts of weather, if any, during 2026, and (iii) incremental interest income through February 13, 2026 related to the 2024 amendment of the HOS secured seller note.

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

Continued Strong Balance Sheet & Credit Ratings



AWK Long-Term Senior Unsecured Ratings

S&P
A
(Stable Outlook)

Moody's
Baa1
(Stable Outlook)



Ratings and Stable Outlook affirmed at S&P / Moody's (June '25/Jan. '26)

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

Total Debt to Total Capital

As of December 31, 2025
59%

Long-Term Target
<60%

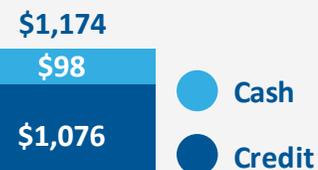
Note: December 31, 2025 percentage shown is net of cash and cash equivalents of \$98 million.

Consolidated Debt Maturity Profile as of December 31, 2025 (Rounded)



Liquidity Profile (\$ in millions)

Available Liquidity as of 12/31/25



Revolving Credit Facility

- ✓ Credit Facility capacity of \$2.75 billion
- ✓ Maturity date of October 2029

*Proceeds of \$795 million from the note related to the sale of HOS were repaid in full on February 13, 2026.

*Proceeds of ~\$1 billion from the equity forward agreements are assumed to be received mid-year 2026.



Cheryl Norton

Executive Vice President &
Chief Operating Officer

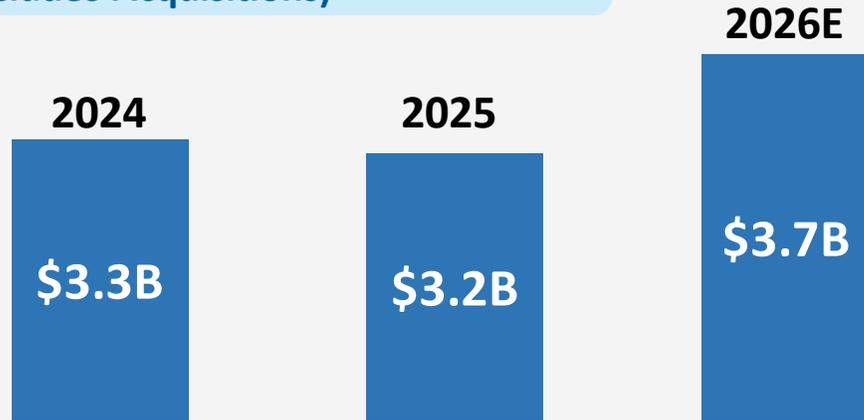
System Needs Drive Continued Investments

Supports Water Quality, Reliability, and a Focus on Affordability



Investing in Pipe Replacement, Other System Needs

Regulated Capital Investments
(Includes Acquisitions)



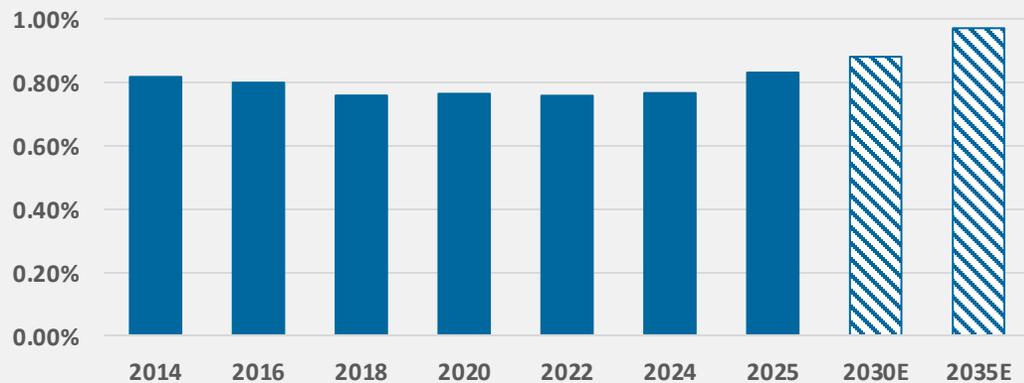
Investments Drive Continued Rate Base Growth

Estimated Rate Base**
(Includes Acquisitions)

\$ in billions

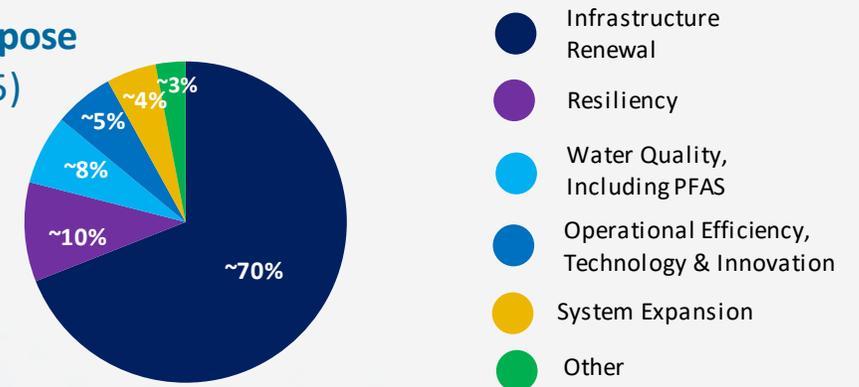


Residential Water Bill as % of Median Household Income*



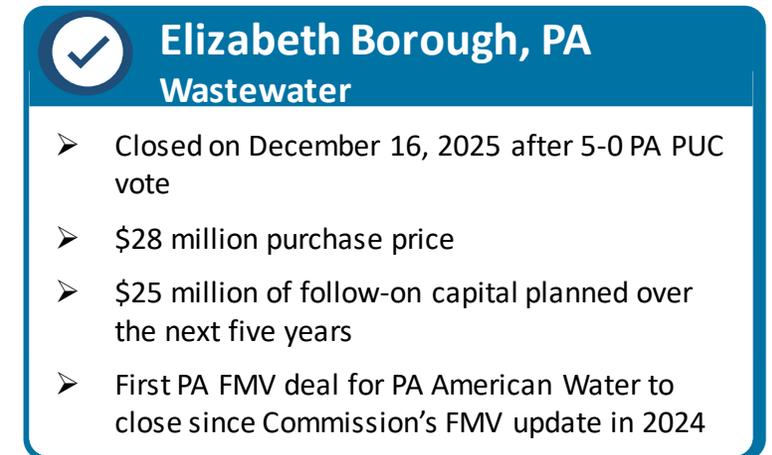
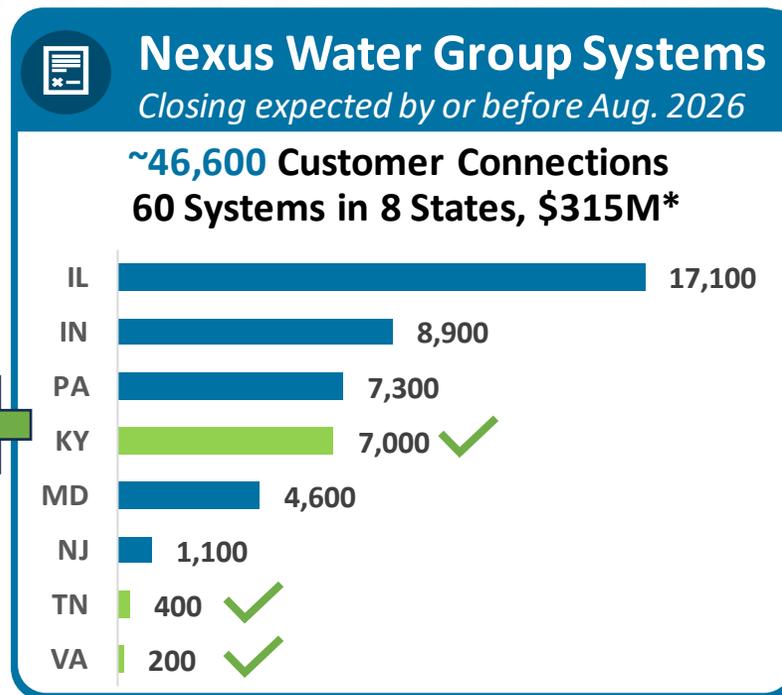
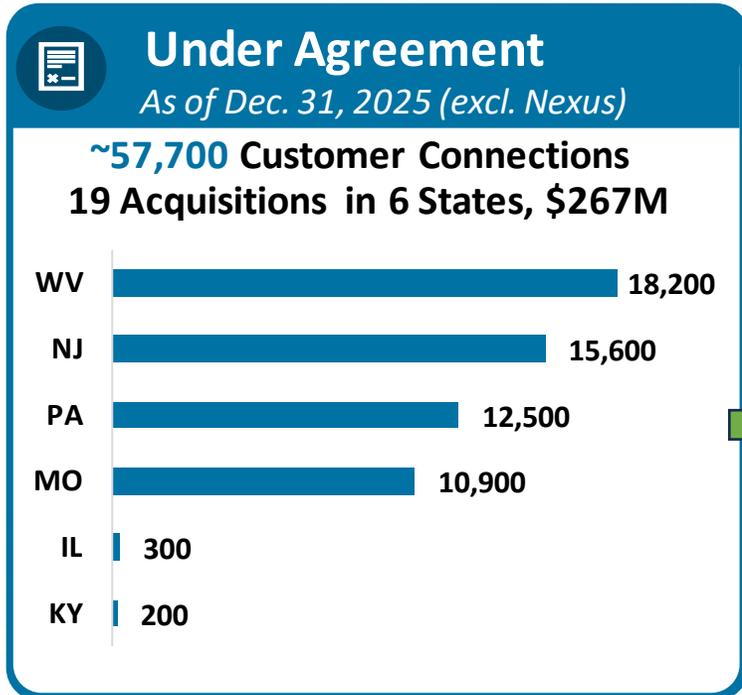
Cap Ex Driven by System Renewal, Resiliency, and Water Quality

Capital by Purpose
(2026-2035)



* Figure is estimated based on data from the US Census Bureau American Community Survey based on zip codes served by American Water and assumptions for future MHI levels. American Water does not collect household income data from its customers.
** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.

~104,000 Customer Connections Under Agreement Totaling \$582 Million



Regulatory approval received from state commission

* Subject to adjustment following the closing of the agreement based on the calculations and criteria provided in the Purchase Agreement.

More than 1.5 Million Customer Connections in Pipeline

Note: Amounts on slide do not include customer connections related to the proposed merger with Essential Utilities.

INVESTOR RELATIONS CONTACTS



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UPCOMING EVENTS

Q1 2026 Earnings Call

April 30, 2026 (projected)

Annual Shareholders Meeting (Virtual)

May 13, 2026 (projected)

Q2 2026 Earnings Call

July 30, 2026 (projected)

Q3 2026 Earnings Call

October 29, 2026 (projected)

Appendix

Forward Looking Statements



Certain statements made, referred to or relied upon in this presentation including, without limitation, 2026 adjusted earnings per share 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 (including, without limitation, with respect to the proposed merger with Essential Utilities and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), the amount and allocation of projected capital expenditures and the Company's capital recovery outlook, 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 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. These forward-looking statements are subject to a number of estimates, assumptions, 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, 2025, 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- and polyfluoroalkyl substances (collectively, "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 and epidemics, earthquakes, landslides, hurricanes, to madoes, 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 required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, 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, including without limitation the Company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired 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; in addition to the foregoing, various risks and other uncertainties associated with the Company's merger agreement with Essential Utilities and the related proposed merger, including: a fixed exchange ratio that will not adjust or account for fluctuations in the Company's or Essential Utilities' stock price; limitations on the parties' ability to pursue alternatives to the proposed merger; an event, change or other circumstance that could give rise to the termination of the merger agreement; a delay in the timing to consummate the proposed merger; each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); financial impacts of the proposed merger on the Company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts; any impact of the proposed merger on the Company's and the combined company's ability to declare and pay quarterly dividends on its common stock; the risk of litigation related to the proposed merger; changes in the parties' key management and personnel; the amount and nature of incurred transaction costs associated with the proposed merger; and reduced ownership and voting interests for the Company's and Essential Utilities' shareholders upon completion of the proposed merger; in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including: the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement; the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and any requirement by the Company to pay a termination fee in the event the closing does not occur; the ability of the Company to redeploy successfully and timely the net proceeds of the amended secured seller note into the Company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity 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 copper, 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; with respect to any of the Company's forward sale agreements: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the Company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom; 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, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), 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 terms 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 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 shall speak only as of the date of this presentation. Except as required by the federal securities laws, American Water does not have any obligation, and it specifically disclaims, any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. 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 Measures



This presentation includes presentations of consolidated adjusted diluted earnings per share, both as historical financial information and as earnings guidance (“Adjusted EPS”). Adjusted constitutes a “non-GAAP financial measure” under SEC rules. The most directly comparable GAAP measure for historical adjusted diluted earnings per share is the reported diluted earnings per share (GAAP) and is reconciled in this press release.

The 2026 adjusted guidance range does not include (i) estimated transaction costs to be incurred by the company during 2026 related to the proposed merger with Essential Utilities, Inc. (“Essential Utilities”), (ii) impacts of weather, if any, during 2026, and (iii) incremental interest income through February 13, 2026 related to the 2024 amendment of the HOS secured seller note. Management is unable to present a reconciliation of the adjusted EPS guidance range to a GAAP guidance range without unreasonable effort because management cannot reliably predict the nature, amount or probable significance of all of such adjustments for future periods; however, these adjustments may, individually or in the aggregate, cause adjusted EPS to differ significantly from GAAP EPS.

These non-GAAP financial measures are derived from the company’s consolidated financial information but are not presented in the financial statements prepared in accordance with GAAP. These measures should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. The company believes that these non-GAAP measures provides investors with useful information by excluding certain matters that may not be indicative of the company’s ongoing operating results , and, with respect to weather, to provide for a measure of the company’s operating performance without the variability of estimated weather impacts, and that providing these non-GAAP measures will allow investors to better understand the businesses’ operating performance and facilitate a meaningful year-to-year comparison of the company’s results of operations. Although management uses these non-GAAP financial measures internally to evaluate the company’s results of operations, management does not intend results reflected by these non-GAAP measures to represent results as defined by GAAP, and the reader should not consider them as indicators of performance. In addition, these non-GAAP financial measures as defined and used above may not be comparable to similarly titled non-GAAP measures used by other companies, and, accordingly, they may have significant limitations on their use.

ANNOUNCED PROPOSED MERGER WITH ESSENTIAL UTILITIES; EXPECTED CLOSING Q1 2027



900+ EMPLOYEE VOLUNTEERS;
~3,000 HOURS OF SERVICE
DURING COMPANYWIDE AMERICANS IN ACTION! MONTH OF SERVICE

2025

END OF YEAR HIGHLIGHTS



ISSUED 9TH SUSTAINABILITY REPORT COVERING INDUSTRY LEADERSHIP AND PERFORMANCE AS A RESPONSIBLE BUSINESS



PROVIDED INDUSTRY EXPERTISE BY ATTENDING AND/OR PARTICIPATING ON ~50 CONFERENCES AND PANELS



NEARLY 40,000 NEW WATER AND WASTEWATER CUSTOMER CONNECTIONS THROUGH ACQUISITIONS AND ORGANIC GROWTH



ON AVERAGE, OVER THE LAST FIVE YEARS AMERICAN WATER IS APPROXIMATELY TEN TIMES BETTER THAN THE INDUSTRY AVERAGE FOR MEETING HEALTH-BASED LIMITS FOR DRINKING WATER, ACCORDING TO U.S. EPA DATA



OVER 70M CUSTOMER EDUCATION EMAILS DELIVERED



\$3.2B TOTAL CAPITAL INVESTMENT



MEETS OR SURPASSES ALL FEDERAL, STATE AND LOCAL DRINKING WATER STANDARDS



NEW JERSEY AMERICAN WATER RANKED #1 IN JD POWER 2025 WATER UTILITY RESIDENTIAL CUSTOMER SATISFACTION STUDY IN NORTHEAST LARGE REGION FOR THE SECOND CONSECUTIVE YEAR



EARNED NEARLY 70 AWARDS AND RECOGNITIONS ACROSS THE BUSINESS THROUGHOUT THE YEAR



AGREED TO PURCHASE NEXUS WATER GROUP SYSTEMS IN EIGHT STATES



\$5.7M GIVEN THROUGH THE AMERICAN WATER CHARITABLE FOUNDATION



NEWSWEEK'S AMERICA'S MOST RESPONSIBLE COMPANIES 2025 & 2026 LISTS & WORLD'S MOST TRUSTWORTHY COMPANIES 2025



CONTINUED TO HELP COMMUNITIES SOLVE WATER AND WASTEWATER CHALLENGES, SUCH AS PFAS, LEAD AND COPPER, AND OTHER CRITICAL ISSUES ARISING FROM UNDERINVESTMENT OF CAPITAL AND DEFERRED MAINTENANCE THROUGHOUT THE U.S.



AMERICAN WATER

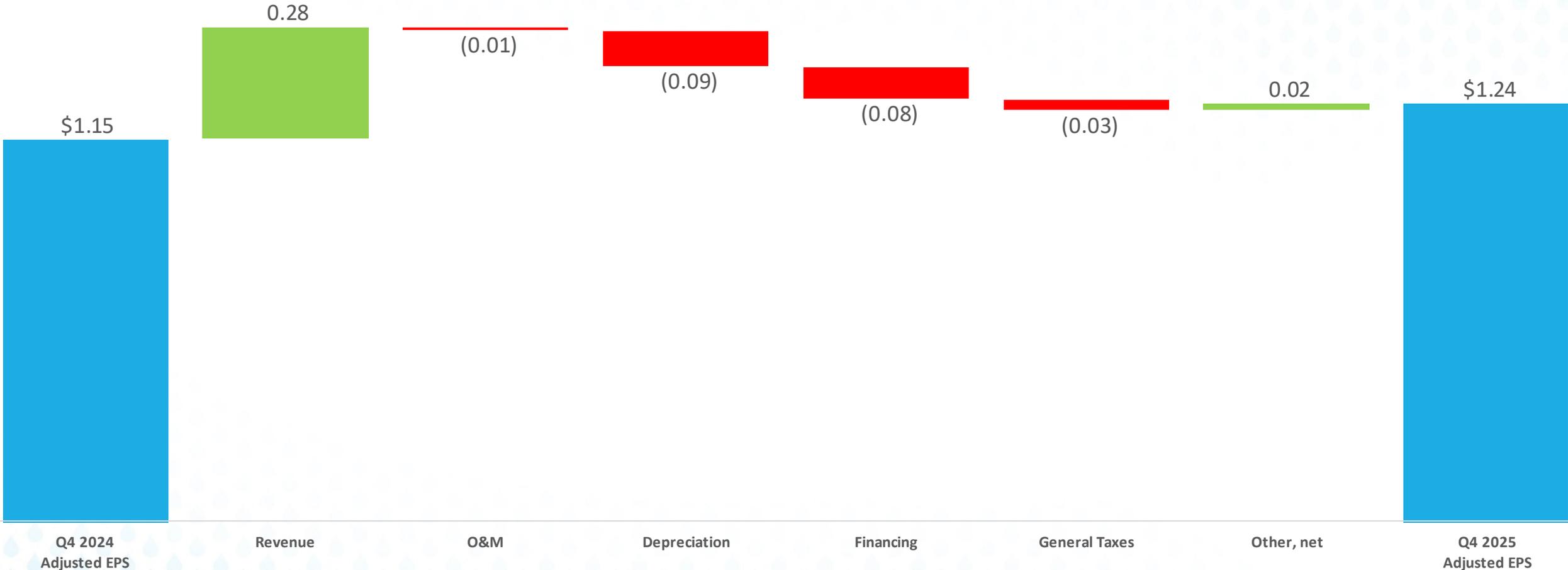
Reconciliation Table – Consolidated EPS



	For the Three Months Ended December 31,		For the Years Ended December 31,		
	2025	2024	2025	2024	2023
Diluted earnings per share (GAAP):					
Net income attributable to shareholders	\$ 1.22	\$ 1.22	\$ 5.69	\$ 5.39	\$ 4.90
Non-GAAP adjustments:					
Estimated impact of favorable weather	—	(0.07)	—	(0.16)	(0.17)
Income tax impact	—	0.02	—	0.04	0.04
Net non-GAAP adjustment	—	(0.05)	—	(0.12)	(0.13)
Incremental interest income from amended HOS seller note	(0.03)	(0.03)	(0.13)	(0.12)	—
Income tax impact	0.01	0.01	0.03	0.03	—
Net non-GAAP adjustment	(0.02)	(0.02)	(0.10)	(0.09)	—
Transaction costs associated with the pending merger with Essential Utilities	0.05	—	0.07	—	—
Income tax impact	(0.01)	—	(0.02)	—	—
Net non-GAAP adjustment	0.04	—	0.05	—	—
Total net adjustments	0.02	(0.07)	(0.05)	(0.21)	(0.13)
Adjusted diluted earnings per share (non-GAAP)	\$ 1.24	\$ 1.15	\$ 5.64	\$ 5.18	\$ 4.77

Adjusted diluted earnings per share represents a non-GAAP financial measure and, as shown in the table above, is calculated as GAAP diluted earnings per share, excluding the impact of one or more of the following events: (i) estimated impact of weather; (ii) incremental interest income from the February 2, 2024 amendment to the HOS secured seller promissory note, which increased the aggregate principal amount from \$720 million to \$795 million and increased the interest rate from 7.00% per year to 10.00% per year; and (iii) transaction costs incurred during 2025 associated with the proposed merger with Essential. The most directly comparable GAAP measure for adjusted diluted earnings per share is the reported diluted earnings per share (GAAP) and is reconciled in the table above.

Details of Fourth Quarter 2025 Adjusted EPS



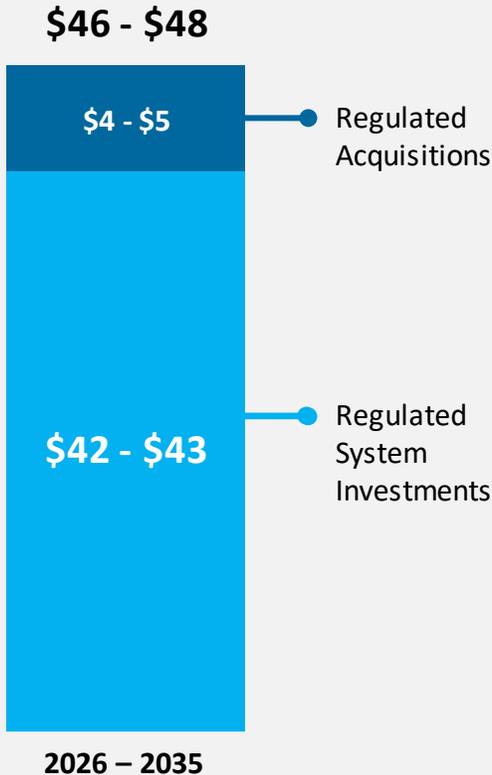
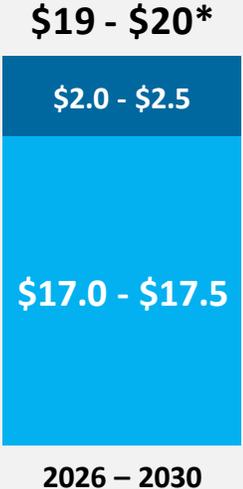
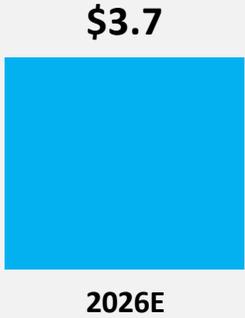
Note: Adjusted EPS is a non-GAAP measure. Please see appendix for reconciliation and further information.

Five- and Ten-Year Capital Plans: Investments to Support System Needs



Capital Plan (\$ in billions)

- **\$2 billion increase in 5-year capital plan**
 - \$1 billion to meet compliance requirements for EPA’s PFAS Rule
 - \$0.5 billion to meet compliance requirements for EPA’s Lead & Copper Rule Improvements (LCRI)
 - \$0.5 billion of other, including related to rolling forward the plan one year
- **\$6 billion increase in 10-year capital plan** driven by expansion of aging infrastructure replacement programs (including ongoing lead and galvanized steel service line replacements), and other emerging needs



**Includes \$2 billion related to PFAS, primarily in 2026-2028; and \$1.5 billion related to LCRI.*

Funding the 2026-2030 Capital Investment Plan



(\$ in millions)

Financing Plan: 2026-2030	
Operating Cash Flows	\$14,000
Debt Financing	\$11,800
Equity Issuances	\$2,500
Sale Proceeds (HOS)*	\$795
Total Sources:	~\$29 Billion

* \$795 million HOS note was repaid in full on February 13, 2026.

- **\$2.5B of equity issuances in 2026-2030, driven by capital investment needs and consistently achieving <60% debt to cap target**
 - Includes ~\$1 billion equity financing in 2026, which is covered by the equity forward agreements entered into in August 2025, assumes proceeds are received in mid-2026, plus an additional ~\$1.5 billion in 2029, to support growth in the business; issuances are subject to market conditions
 - Uses of funds: primarily ~\$19-20 billion of capital investments, ~\$4.5 billion of LTD maturities, and dividends
 - **Current 2026 financing plan includes \$1.5-2.0B of long-term debt financing**
- Investors should expect equity financing to occur consistent with a traditional regulated utility financing strategy and to maintain our strong balance sheet and credit metrics, with timing and sizing in alignment with our investment program and rate case cycle

Successfully Completed 2025 Financing Plan



Successfully completed our long-term debt financing for the year with issuance of Senior Notes



Strong demand for issuances (4x over-subscribed) and successful execution helps fund growth while managing financing costs

Successfully Executed \$800 Million Senior Note Offering	
Issuer	American Water Capital Corp.
Pricing Date	February 24, 2025
Tenor	10yr Senior Unsecured
Size	\$800M
Annual Interest Rate	5.250%

Successfully Executed \$900 Million Senior Note Offering	
Issuer	American Water Capital Corp.
Pricing Date	August 6, 2025
Tenor	30yr Senior Unsecured
Size	\$900M
Annual Interest Rate	5.700%



Missouri - Future Test Year (SB4)

- Water and wastewater utilities may request the use of a Future Test Year in a general rate case beginning July 1, 2026.
- Passed on March 13, 2025 – signed by the Governor on April 9, 2025.
- Legislation became effective on August 28, 2025.



Indiana - Water Utility Infrastructure (DSIC, Acquisition Recovery, and Lawsuit Immunity) (SB426)

- Allows for deferred depreciation from in-service date and post in-service carrying costs. Authorizes IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. Amended to include language prohibiting lawsuits against a utility that is compliant with water quality standards.
- Passed on March 24, 2025 – signed by the Governor on April 3, 2025.
- Legislation became effective on July 1, 2025.



Virginia - Eligible Infrastructure Replacement and Enhancement (SB850)

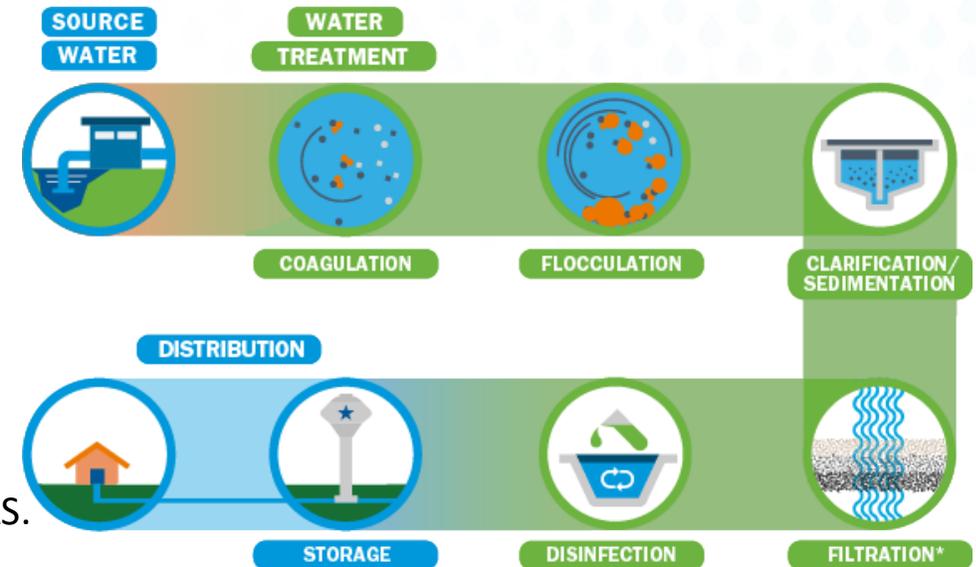
- Provides expanded eligibility for recovery of more types of infrastructure investments for water and wastewater utilities outside of a base rate case.
- Passed on February 20, 2025 - signed by the Governor on March 24, 2025.
- Legislation became effective July 1, 2025.

PFAS Treatment Plans



Implications of Final Federal PFAS Rule

- U.S. EPA announced on May 14, 2025 its intent to maintain drinking water limits of 4.0 parts per trillion for PFOA and PFOS.
- American Water estimates \$2B of capital and up to \$50M annually for operating expenses in its 2026-2030 plan.
- American Water has entered into a nine-year supply contract with Calgon Carbon to supply granular activated carbon, equipment and reactivation services to >50 treatment sites across 10 states through 2033.
- U.S. EPA designated PFOA and PFOS as hazardous substances under CERCLA in April 2024. The Company continues to actively advocate for and support bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS.



**Includes PFAS treatment*

PFAS Litigation Recap

- American Water is a party to the Multi-District Litigation (MDL) lawsuit against several PFAS manufacturers.
 - In 2024, the MDL court approved settlements with DuPont, 3M, Tyco Fire Products LP and BASF Corporation respectively; the amount of proceeds to be received from each settlement is pending.
 - As of December 31, 2025, the Company's utility subsidiaries received settlement payments from defendants 3M and DuPont of ~\$159 million, collectively, net of legal fees and administrative costs. The Company intends to seek regulatory approval from its respective public utility commissions to apply the net proceeds for the benefit of customers. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants named above.

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.

Currently Serving 18 Military Installations



12 Army



5 Air Force/Space Force



1 Navy



0 Marine Corps



70 Additional Installation Opportunities



15 Army



23 Air Force/Space Force

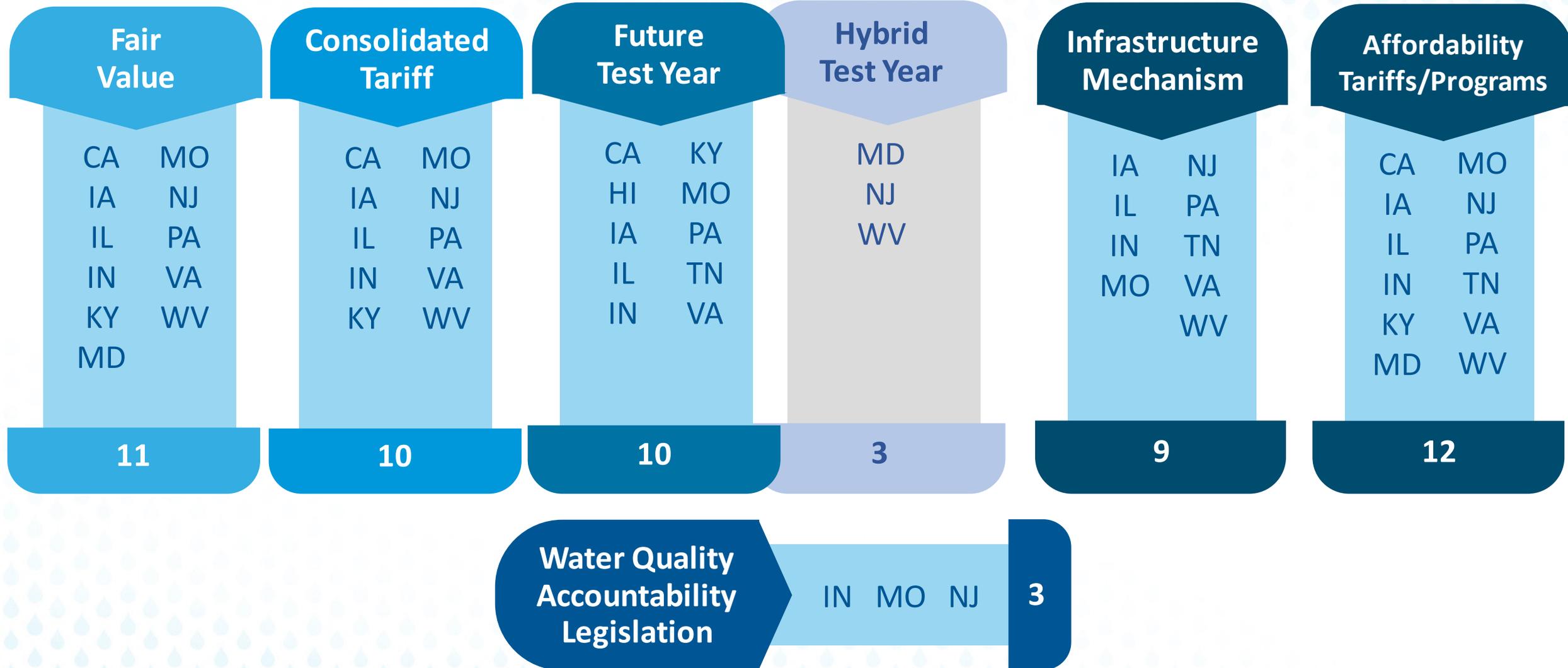


19 Navy



13 Marine Corps

State Legislation & Regulation Enable Growth



Reconciliation of Estimated Rate Base



Estimated Rate Base*	
(\$ in billions)	
	As of 12/31/2025
Net Utility Plant	\$30.5
<i>Less</i>	
Advances for Construction	\$0.4
CIAC – Contributions in Aid of Construction	\$1.6
Net Deferred Income Taxes	\$4.2
	\$6.2
Total Estimated Rate Base	\$24.3

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

Closed Acquisitions



December 31, 2025

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Pennsylvania	7	7,800	3,500	11,300
New Jersey	2	5,300	-	5,300
California	4	1,600	-	1,600
Illinois	1	-	1,500	1,500
West Virginia	1	900	-	900
Iowa	2	100	100	200
Missouri	1	100	-	100
Total	18	15,800	5,100	20,900

Acquisitions Under Agreement



Dec. 31, 2025

+ Nexus Water Group Systems

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
West Virginia	7	3,500	14,700	18,200
New Jersey	2	15,600	-	15,600
Pennsylvania	5	2,700	9,800	12,500
Missouri	3	5,500	5,400	10,900
Illinois	1	-	300	300
Kentucky	1	200	-	200
Sub-Total	19	27,500	30,200	57,700

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Illinois	37	13,400	3,700	17,100
Indiana	5	5,500	3,400	8,900
Pennsylvania	6	3,300	4,000	7,300
Kentucky	2	7,000	-	7,000
Maryland	6	3,550	1,050	4,600
New Jersey	2	800	300	1,100
Tennessee	1	400	-	400
Virginia	1	-	200	200
Sub-Total	60	33,950	12,650	46,600
Total	79	61,450	42,850	104,300

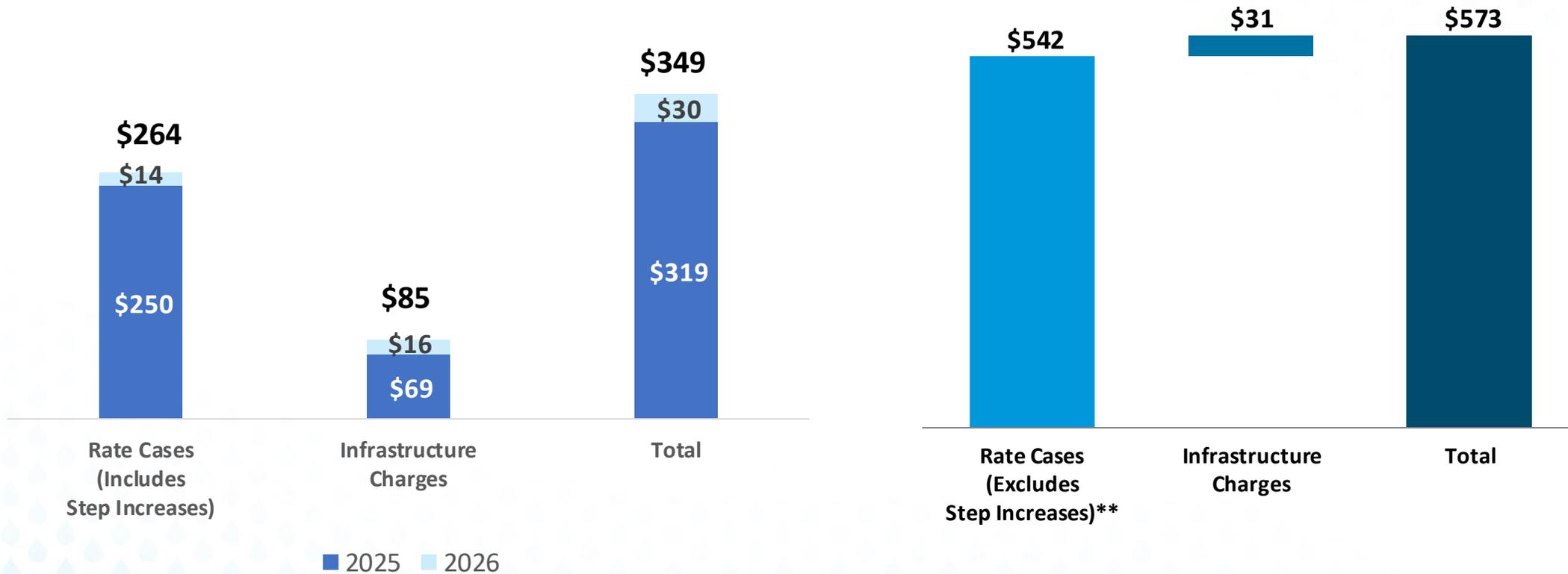
Annualized Revenue from Rate Proceedings



(\$ in millions)

Rate Filings Completed* Effective since January 1, 2025

Requested Revenue in Pending Rate Proceedings



* Annualized revenue increase for rates effective since January 1, 2025
 ** Excludes revenue already approved through infrastructure mechanisms

Rates Effective Since...



January 1, 2025

(\$ in millions)

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases	Infrastructure Charges	Date Effective	Annualized Revenue Increases
Illinois	1/1/2025	105 ^(a)	Kentucky (QIP)	1/1/2025	\$2
California, Step Increase	1/1/2025	17	West Virginia (DSIC/WSIC)	1/1/2025	4
Tennessee	1/21/2025	1 ^(b)	Missouri (WSIRA)	2/7/2025	17
Virginia	2/24/2025	15 ^(c)	New Jersey (DSIC, WSIC, & RESIC)	5/30/2025	15
Indiana, Step Increase	5/14/2025	17	Pennsylvania (DSIC)	10/1/2025	5
Missouri	5/28/2025	63 ^(d)	New Jersey (DSIC, WSIC, & RESIC)	11/29/2025	26
Iowa	8/1/2025	13 ^(e)			
Hawaii	8/1/2025	1 ^(f)			
Kentucky	12/16/2025	18 ^(g)			
			Sub-Total		\$69
			2025 Total		\$319
		Sub-Total			\$250

January 1, 2026

Rate Case	Date Effective	Annualized Revenue Increase
California, Step Increase	1/1/2026	\$14
Infrastructure Charges	Date Effective	Annualized Revenue Increases
Pennsylvania (DSIC)	1/1/2026	\$11
Illinois (QIP)	1/1/2026	5
	2026 Total	\$30

- a) The Company's Illinois subsidiary was authorized additional annualized revenues of \$105.2 million, excluding reductions in revenues for infrastructure surcharges in the amount of \$5.1 million.
- b) The Company's Tennessee subsidiary was authorized additional annualized revenues of \$1.0 million, this excludes the \$17.5 million for infrastructure surcharges.
- c) Interim rates were effective on May 1, 2024, and the difference between interim and final Commission approved rates are subject to refund. On September 20, 2024 the Company's Virginia subsidiary filed a stipulation of settlement which agreed upon a \$14.6 million annualized increase in revenues. On February 24, 2025 the Company received a n Order approving the settlement.
- d) The Company's Missouri subsidiary was authorized additional annualized revenues of \$63.1 million, excluding reductions in revenues for infrastructure surcharges in the amount of \$63.3 million.
- e) The Company's Iowa subsidiary was authorized additional annualized revenues of \$12.7 million, excluding reductions in revenues for infrastructure surcharges in the amount of \$0.9 million. Interim rates were effective on May 11, 2024, in the amount of \$5.1 million.
- f) The Company's Hawaii subsidiary was authorized additional annualized revenues of \$1.46 million.
- g) The Company's Kentucky subsidiary was authorized additional annualized revenues of \$18.2 million, this excludes the \$9.9 million for infrastructure surcharges.

Pending Rate Case Filings



(\$ in millions)

Rate Cases Filed	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
West Virginia ^(a)	Docket No. 25-0426-W-42T and 25-0428-S-42T	5/5/2025	\$33	10.75%	\$1,071
California ^(b)	Case No. A.25-07-003	7/1/2025	51	N/A	1,242
Virginia	Docket No. PUR-2025-00185	11/3/2025	22	10.75%	446
Pennsylvania ^(c)	Docket Nos. R-2025-3057983 & R-2025-3058051	11/14/2025	169	10.95%	6,630
New Jersey ^(d)	Docket No. WR26010010	1/16/2026	146	10.75%	6,124
Illinois ^(e)	Docket No. 26-0127	1/27/2026	119	10.75%	2,735
			\$540		\$18,248
Rate Case Awaiting Regulatory Approval					
Maryland ^(f)		8/1/2025	\$2		
			\$2		
Infrastructure Surcharges Filed					
West Virginia (DSIC and WSIC)		6/30/2025	\$3		\$23
Missouri (WSIRA)		9/3/2025	13		118
Indiana (DSIC)		1/20/2026	15		131
			\$31		\$272
Total			\$573		\$18,520

- a) The Company's West Virginia subsidiary has requested additional annualized revenues of \$32.6 million, this excludes the \$12.7 million for infrastructure surcharges. This also excludes a Step two proposed increase of \$15.2 million which is proposed to be effective 1 year after Step 1. The total revenue requirement request for the two step rate case cycle is \$47.8 million.
- b) The Company's California subsidiary submitted its 100 Day Update on October 13, 2025, with the revised request of additional annualized revenues of \$62.1 million for the test year 2027. This increase as filed represented an increase against 2025 rates. Subsequent to the filing of the rate case, the Company adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to \$51.1 million. This increase also excludes the proposed step rate and attrition rate increase for 2028 and 2029 of \$21.5 million and \$26.4 million, respectively.
- c) The Company's Pennsylvania subsidiary has requested additional annualized revenues of \$168.7 million, this excludes the \$18.8 million for infrastructure surcharges.
- d) The Company's New Jersey subsidiary has requested additional annualized revenues of \$146.4 million, this excludes the \$64.0 million for infrastructure surcharges.
- e) The Company's Illinois subsidiary has requested additional annualized revenues of \$119.494 million, this excludes the \$8.0 million for infrastructure surcharges, and \$14.9 million for rates effective 1/1/2027 and 1/1/2028, respectively.
- f) The Company's Maryland subsidiary is waiting for final approval of a settlement filed on January 22, 2026, with a revenue increase of \$1.979 million.

Regulatory Information



* Rate Base stated in \$000s, rounded
** Rounded as of 12/31/25

	Authorized Rate Base*	ROE	Equity	Effective Date of Rate Case	Customer Connections**
Pennsylvania	\$5,800,000	9.45%	55.30%	8/7/2024	814,000
New Jersey	\$5,100,000	9.60%	55.00%	9/15/2024	750,000
Missouri	\$3,200,000 ^(c)	9.75% ^(d)	50.00% ^(e)	5/28/2025	510,000
Illinois	\$2,200,000	9.84%	49.00%	1/1/2025	376,000
Indiana	\$1,800,000	9.65%	56.30% ^(b)	5/14/2025	349,000
West Virginia	\$890,000	9.80%	50.12%	2/25/2024	174,000
California	\$880,000 ^(g)	10.20% ^(a)	57.04% ^(a)	1/1/2024 ^(g)	196,000
Kentucky	\$670,000	9.70%	52.26%	12/16/2025	142,000
Virginia	\$370,000 ^(c)	9.70%	45.67%	2/24/2025 ^(f)	87,000
Tennessee	\$300,000	9.70%	44.19%	1/21/2025	89,000
Iowa	\$260,000	9.60%	52.57%	8/1/2025	70,000
Hawaii	\$52,000	9.75%	52.11%	8/1/2025	10,000
Maryland	\$28,000 ^(c)	9.90% ^(d)	48.66% ^(e)	2/5/2019	5,000

- 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 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), effective July 31, 2023. On October 16, 2023, the Company filed to implement an automatic ROE adjustment to 10.20% based on the WCCM upon approval from the Commission, 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 listed ROE 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.
- 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, 2024 and received final Order February 24, 2025.
- 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.