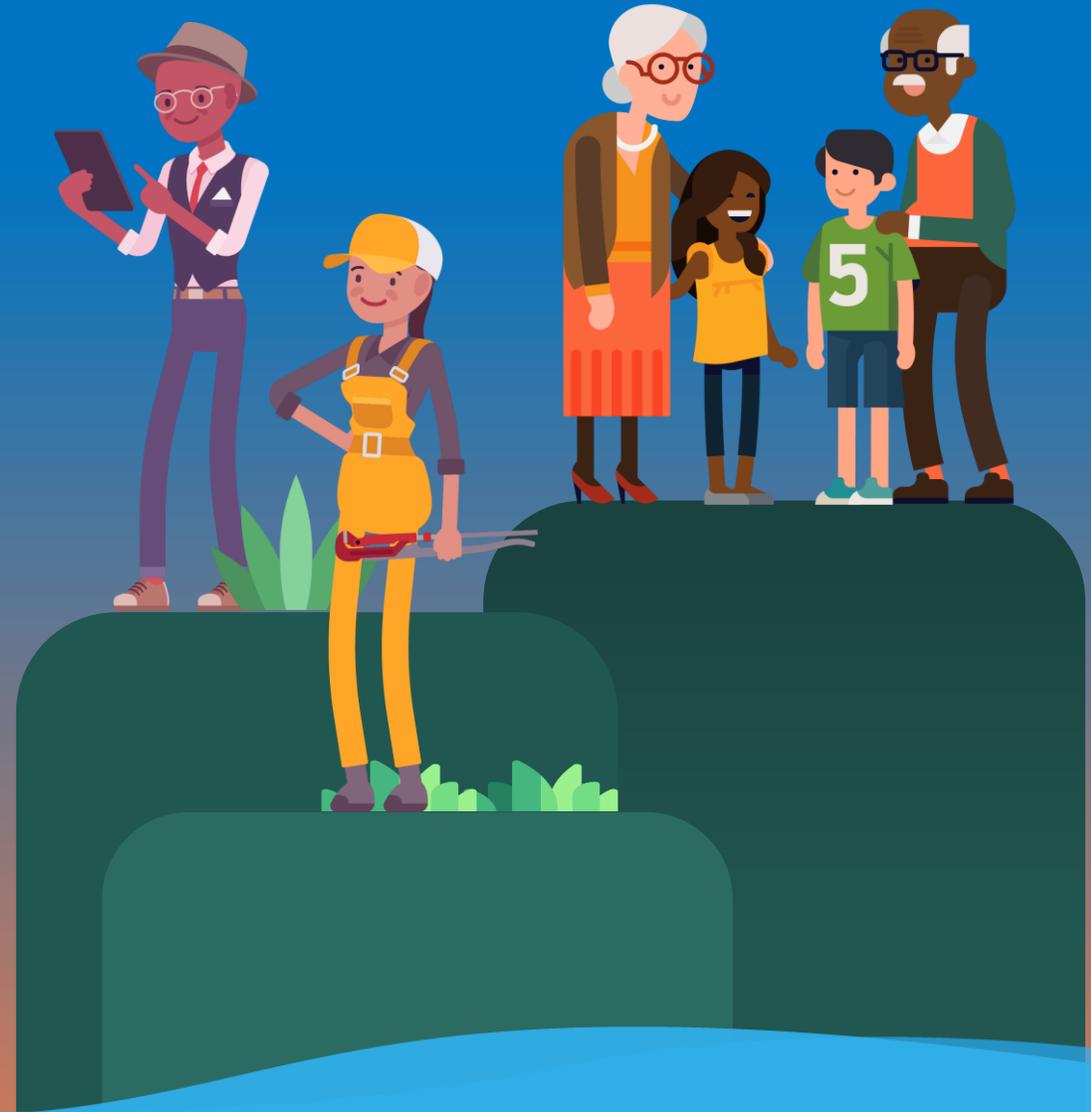




AMERICAN WATER

2019 *Investor Day*

December 11, 2019



We keep life flowing[®]



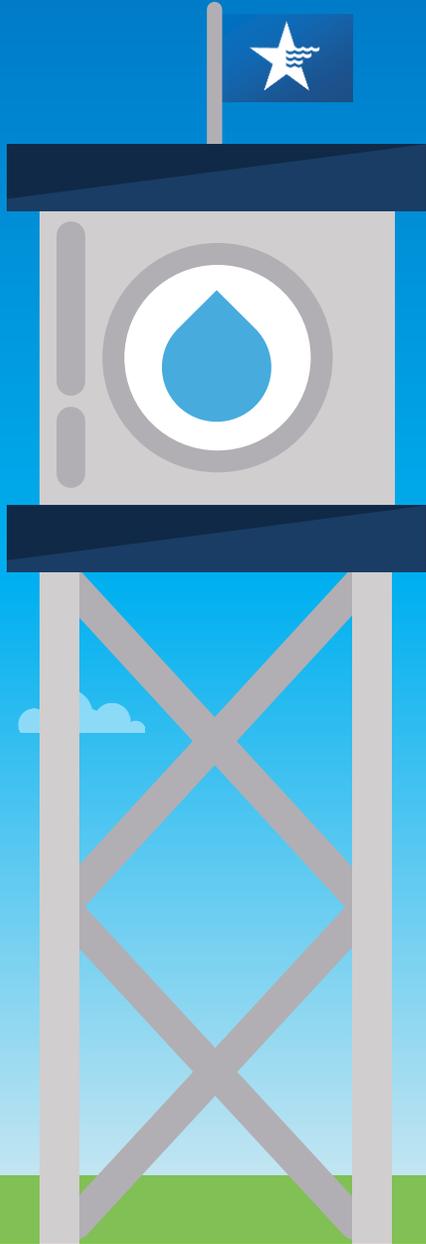
Welcome
Ed Vallejo

Vice President, Investor Relations



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Safety Message



Ed Vallejo



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 or 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, in our Annual Report on Form 10-K for the year ended December 31, 2018, and subsequent filings with the SEC, including our Form 10-Q for the quarter ended September 30, 2019, as filed with the SEC on October 30, 2019.

Non-GAAP Financial Information

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



Investor Day Agenda



8:30 am

Ed Vallejo: Welcome and Safety Message

8:45 am

Susan Story: Overview and Strategy

9:15 am

Walter Lynch: Addressing Water Quality Challenges

9:45 am

15 Minute Break

10:00 am

Susan Hardwick: Focus on Capital Investment

10:30 am

Walter Lynch & Susan Hardwick: Regulated Operations & Financial Overview

11:30 am

Susan Story: Closing Remarks

11:45 am

Q&A

12:30 pm

Conference Wrap-Up



Welcome
Susan Story

President and Chief Executive Officer



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Customer



Experience above all

24/7 Personalized Service on Demand

Proactive Engagement

Connectivity and Integration

Water's impact on Environment and Health

Technology



AI & machine learning rapidly penetrates and disrupts many core enterprise functions

Smart City Initiatives on the Rise

Self optimizing, software defined business models drives competitive business advantage

More Physical Assets Integrated with Digital Technologies

Social



Social networks dominate as the primary communication channel

Community groups leverage social networks to advance targeted agenda (environment, water, education, etc.)

Social Enterprises & Supporting Regulations on the Rise

Work Execution



Attracting and retaining employees will require shared company purpose and strong culture

As aging work force retires, there will be fewer employees to execute workload

Dynamic teams will replace fixed organization structures

Automation & Digital will Transform Jobs

Economic



New 'Normal' Interest Rate Environment

Recession Risk is Mixed but Rising

ESG Movement Accelerates Traction

Technology enabled companies lead valuations



Values

 Safety

 Trust

 Environmental Leadership

 Teamwork

 High Performance

The industry leader

Trusted source of everything water



- “Best in Class” execution of business fundamentals
- Highest in customer satisfaction
- Set the bar for water quality, water source monitoring, and water technology across US
- Proven and predictable financial performance and growth

Strategies



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What We Must Do *Differently* / Accelerate Over Next Decade:

Connect continuously with customers & provide personalized choices through technology and human touch

Increase outreach and social integration around "Water as Health"

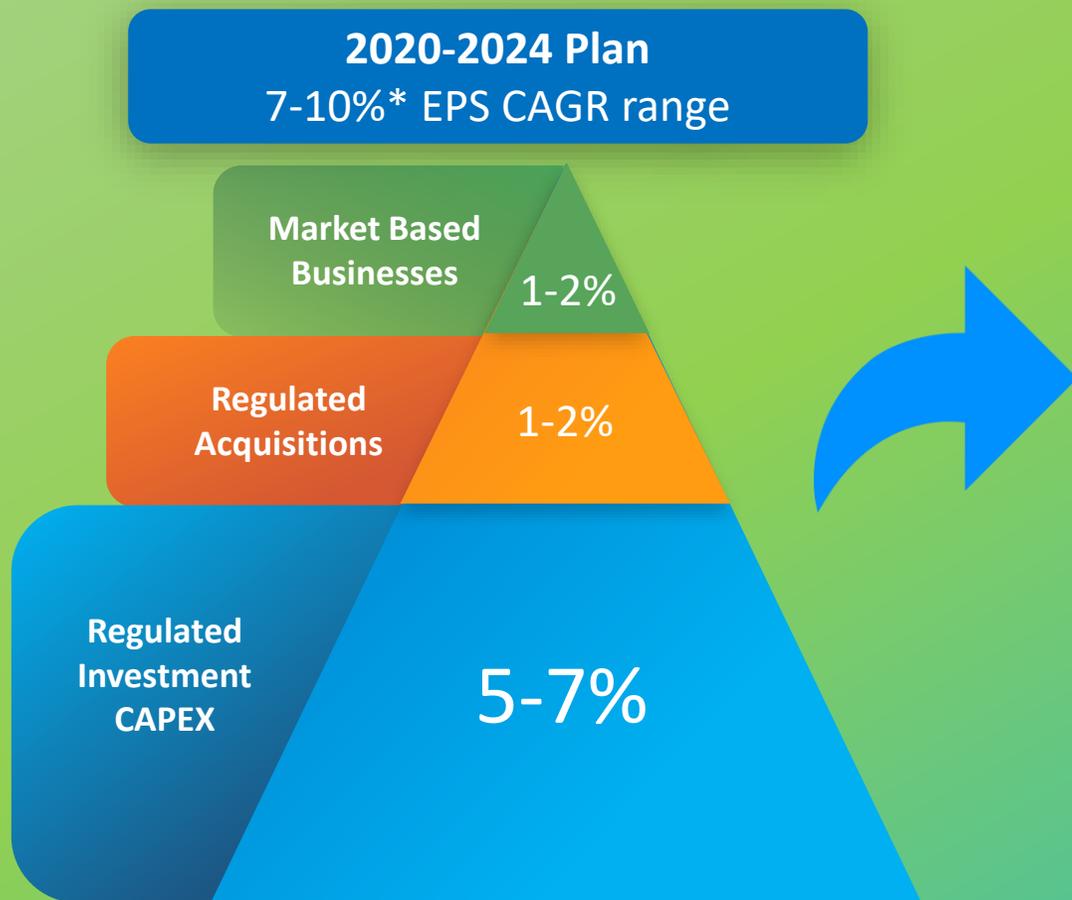
Leverage AI to improve Water Quality and Safety

Continue to address aging infrastructure through accelerated CapEx

Leverage genetic engineering to improve water quality

Improve efficiency of operations and back-office functions through technology

Plan for evolution and transformation of existing jobs to new jobs using AI, robotics and reskilling training and development

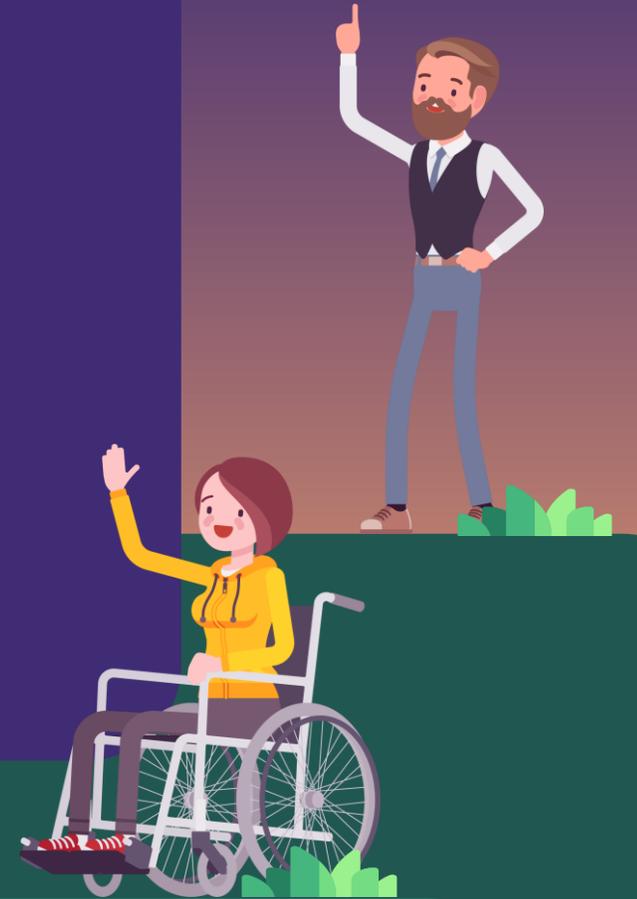


- ✓ Continued industry leading growth
- ✓ Addressing Water Quality Challenges
- ✓ Regulated investment continues to be the foundation of our growth
- ✓ Highly fragmented water industry provides opportunity
- ✓ Disciplined equity used to support increased capital

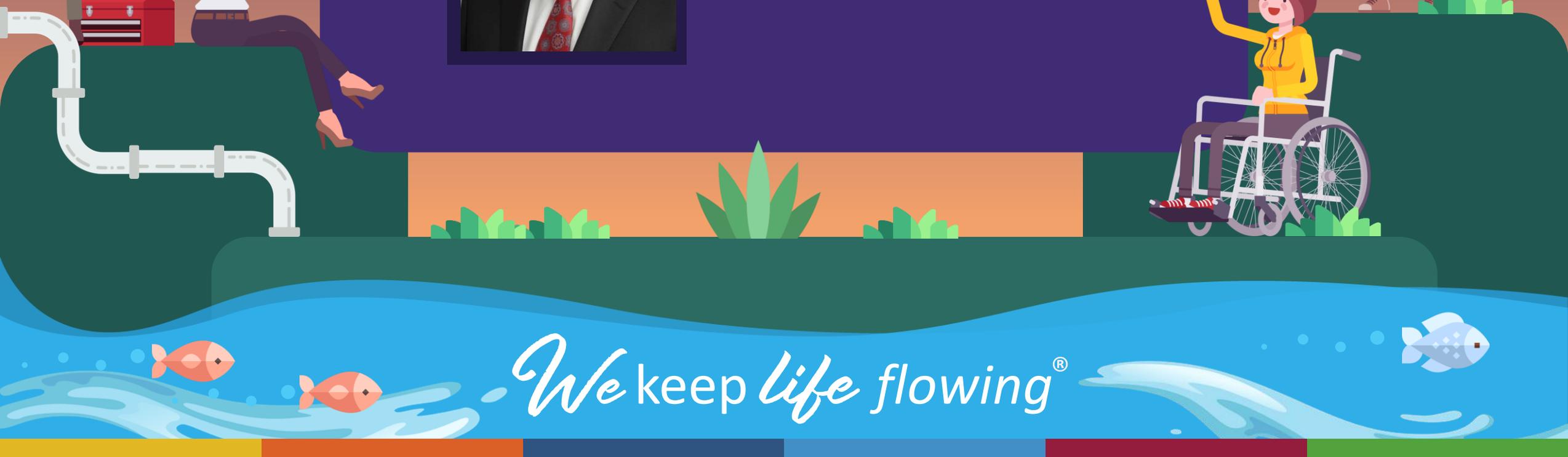
*Anchored off of 2018 Adjusted EPS (a non-GAAP measure)



Water Quality
Walter Lynch
Chief Operating Officer



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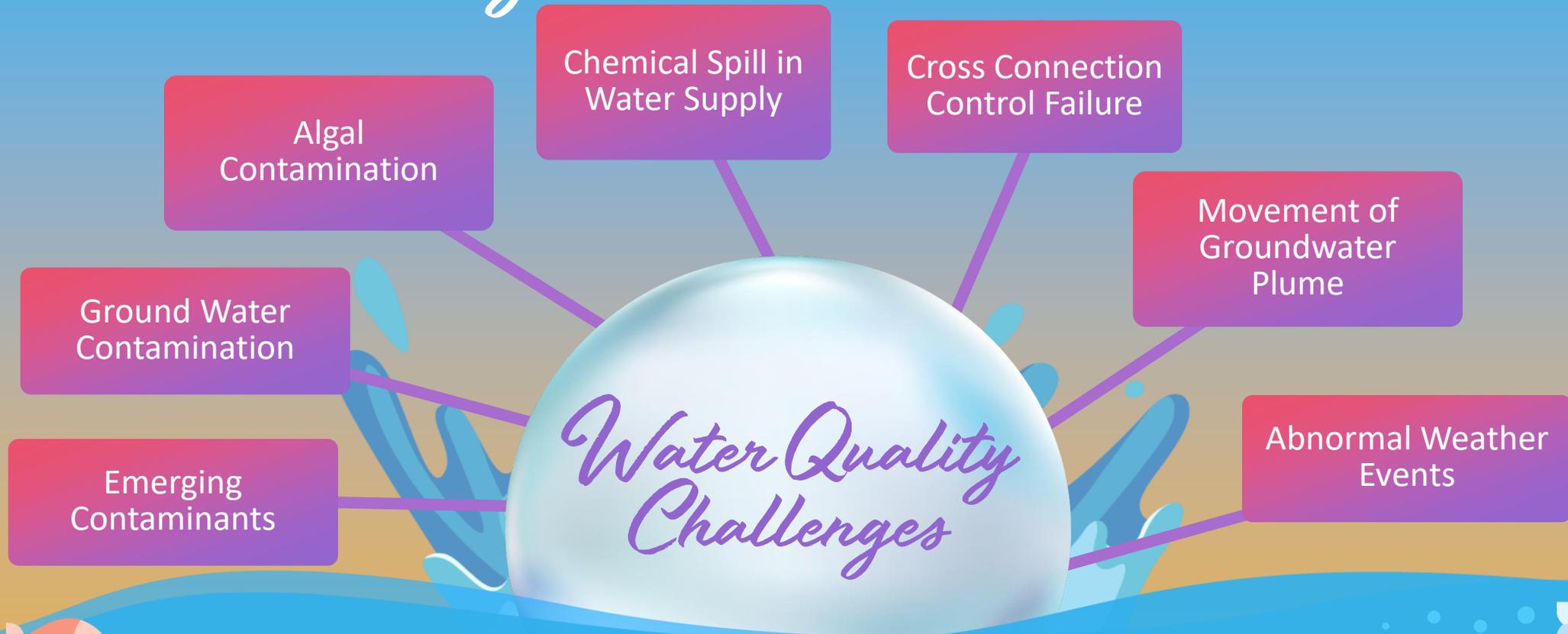


Water Quality Video

We keep life flowing[®]



Water Quality is **essential** to our business



We keep life flowing[®]



Walter Lynch
Chief Operating Officer



Cheryl Norton
Senior Vice President, Eastern Division
& President - NJ



Kevin Kirwan
Senior Vice President, Chief
Environmental & Operational Excellence
Officer

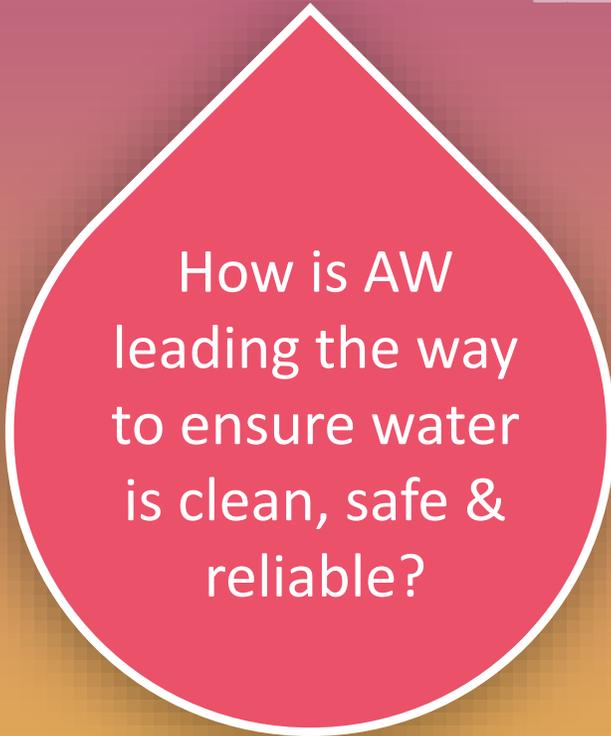


Dr. Lauren Weinrich
Principal Scientist, Water Intelligence

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What are the
Water Quality
Challenges?



How is AW
leading the way
to ensure water
is clean, safe &
reliable?



What is the
value to
Regulators,
Investors and
Customers?

15 minute *break*





Susan Hardwick
Chief Financial Officer



Bruce Hauk
Senior Vice President, Midwest Division
& President - IL



David Choate
Vice President, Engineering

We keep life flowing[®]



Capital Investment Video

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2020-2024 Capital Plan

1-year
budget
\$1.7 B –
\$1.9 B

Including \$1.6B for
regulated
infrastructure

5-year plan
\$8.8 B –
\$9.4 B

Including \$8.2B for regulated
infrastructure

2020-2029 Capital Plan

10-year plan
\$20 B –
\$22 B

Multiple Decades
of
*Investment
Needs*

Drivers

- Infrastructure renewal
- Asset resiliency
- Water quality
- Regulatory compliance
- Operational efficiency
- Growth (acquisition and organic)

Long-term Planning Process

- Horizon 15-20 years
- Local and centralized engineering team collaboration
- Standardized framework to assess operational risks
- Potential projects and solutions prioritized to most efficiently and effectively address risks / opportunities

Customer Experience

- Customers at the center of everything we do
- Affordability always considered when planning investment
- Focused on capital efficiency
 - Procurement and project delivery savings
 - Prioritize projects that drives operational efficiency (every \$1 saved in opex allows for \$8 of capex investment)



Regulated Operations
Walter Lynch
Chief Operating Officer



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Our Regulated Business at a Glance

National regulated footprint provides
regulatory and *geographic* diversity

ASSETS

as of December 31, 2018



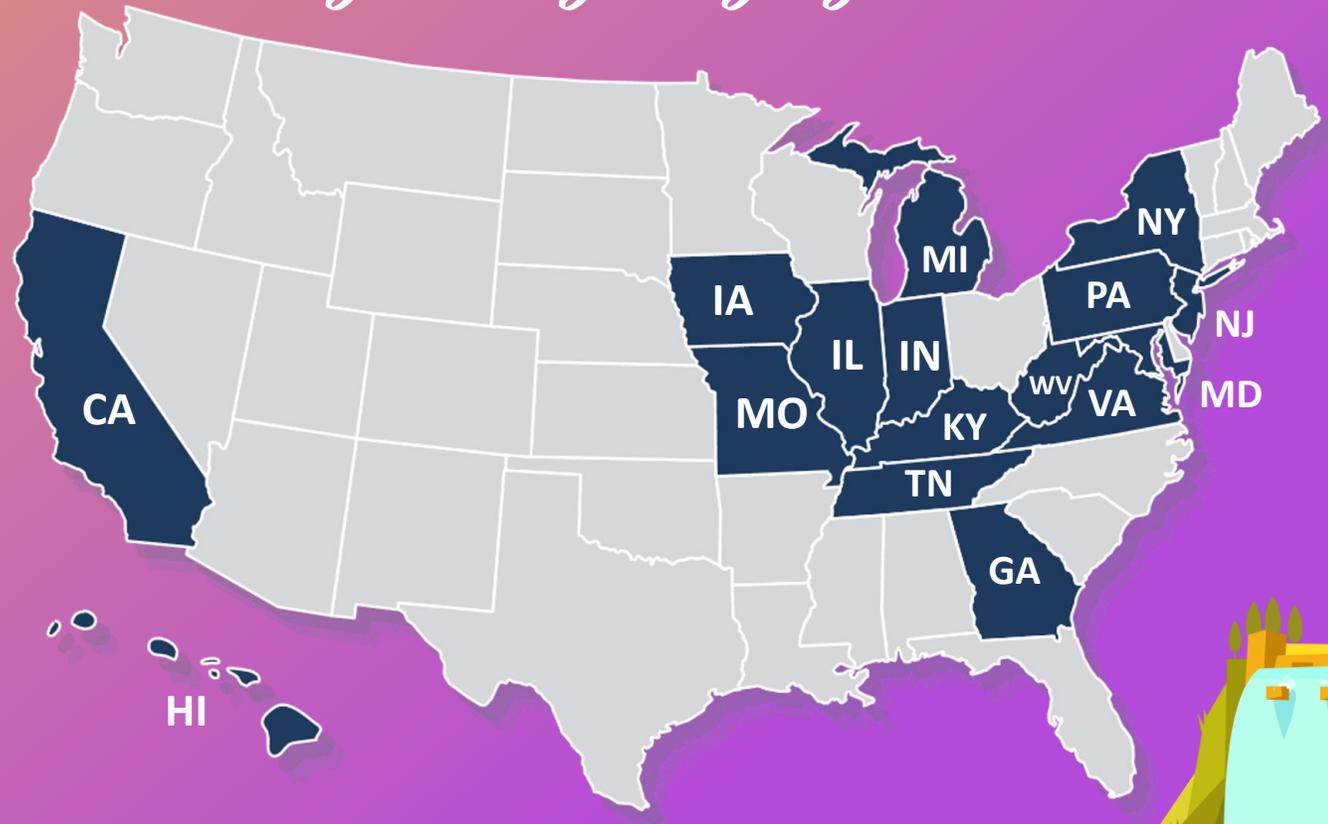
51,000 miles of pipe

621 water treatment plants

130 wastewater facilities

1,000 wells

80 Dams



Our Leadership Reflects Our Communities



Cheryl Norton
Senior Vice President,
Eastern Division
& President - NJ



Mike Doran
Senior Vice President,
Mid-Atlantic Division
& President - PA



Bruce Hauk
Senior Vice President,
Midwest Division
& President - IL



Nick Rowe
Senior Vice President,
Southeast Division
& President - KY



Richard Svindland
President - California
and Hawaii



Lynda DiMenna
President
New York



Robert Burton
President
West Virginia



Deborah Dewey
President
Missouri



Darlene Williams
President
Tennessee



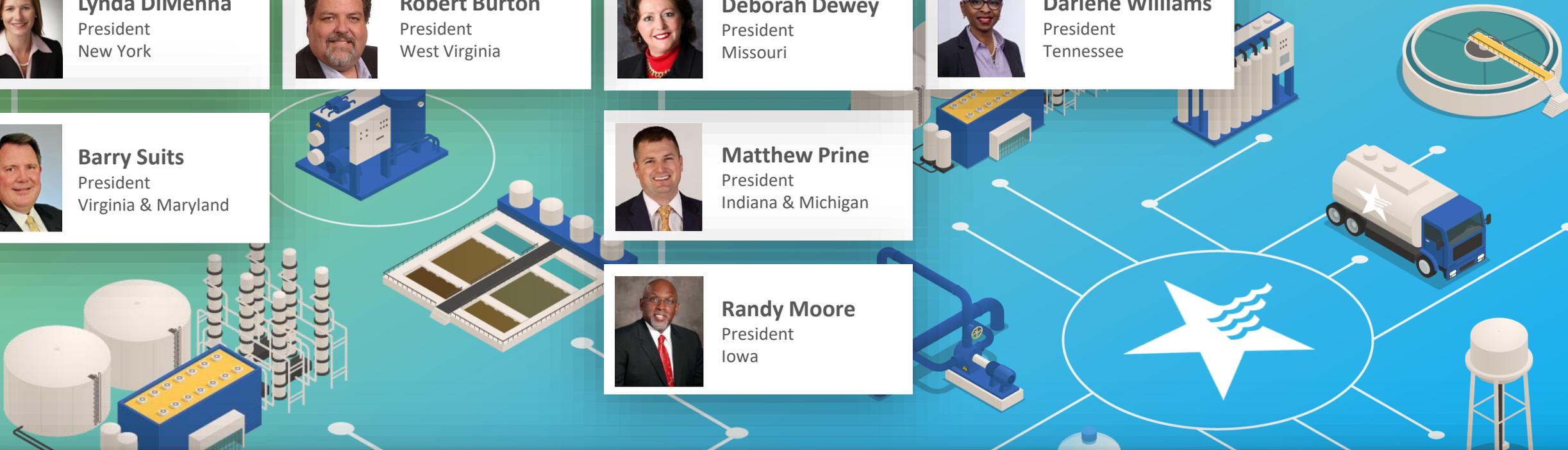
Barry Suits
President
Virginia & Maryland



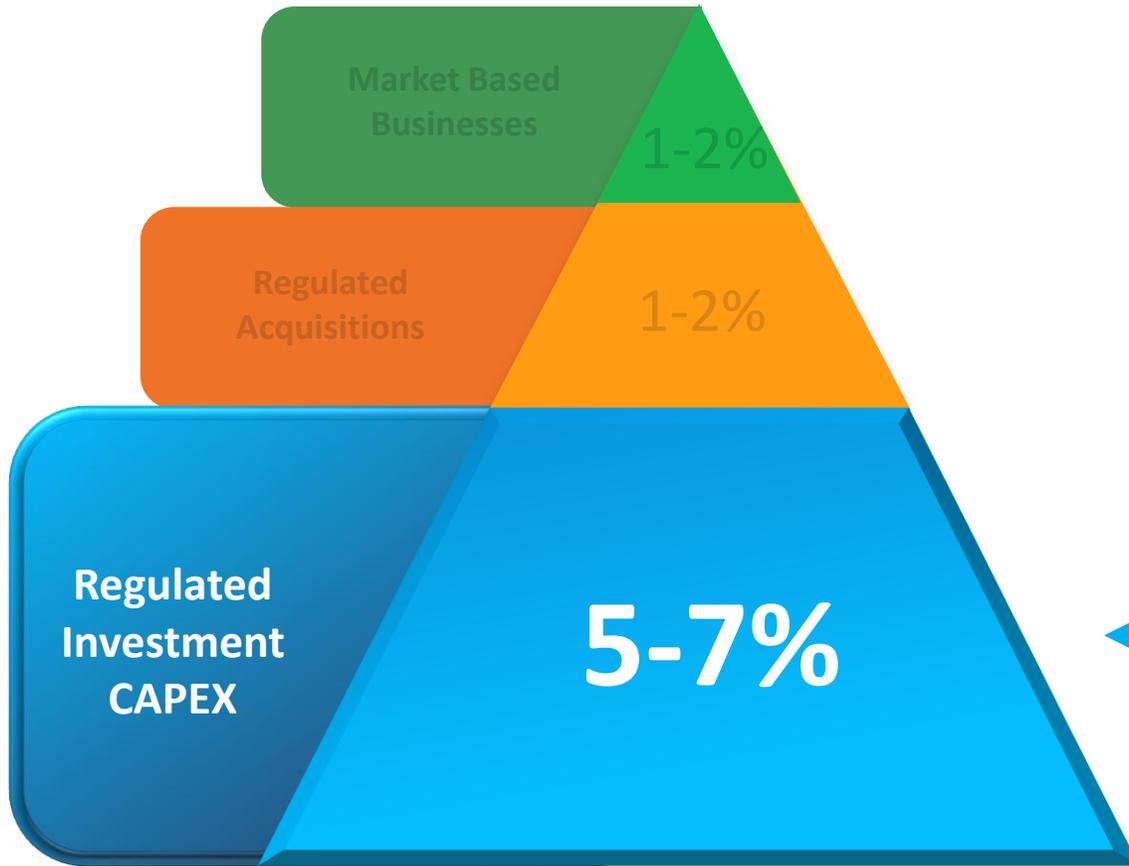
Matthew Prine
President
Indiana & Michigan



Randy Moore
President
Iowa



2020-2024 Plan: 7-10%* EPS CAGR range



2020-2024
Capital Plan
\$ in billions

\$8.8 – \$9.4

\$0.6 – \$1.2

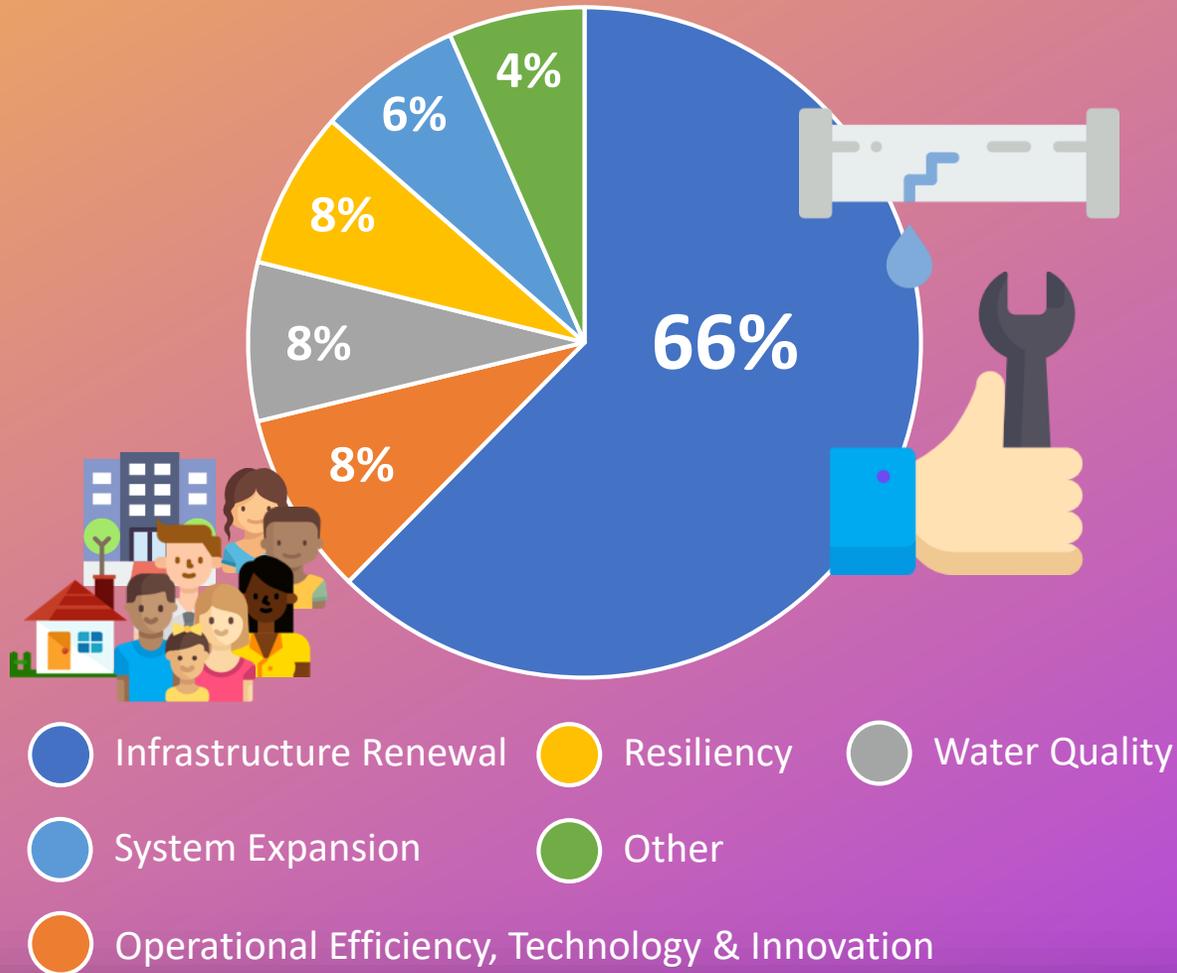
\$8.2

Regulated System Investments

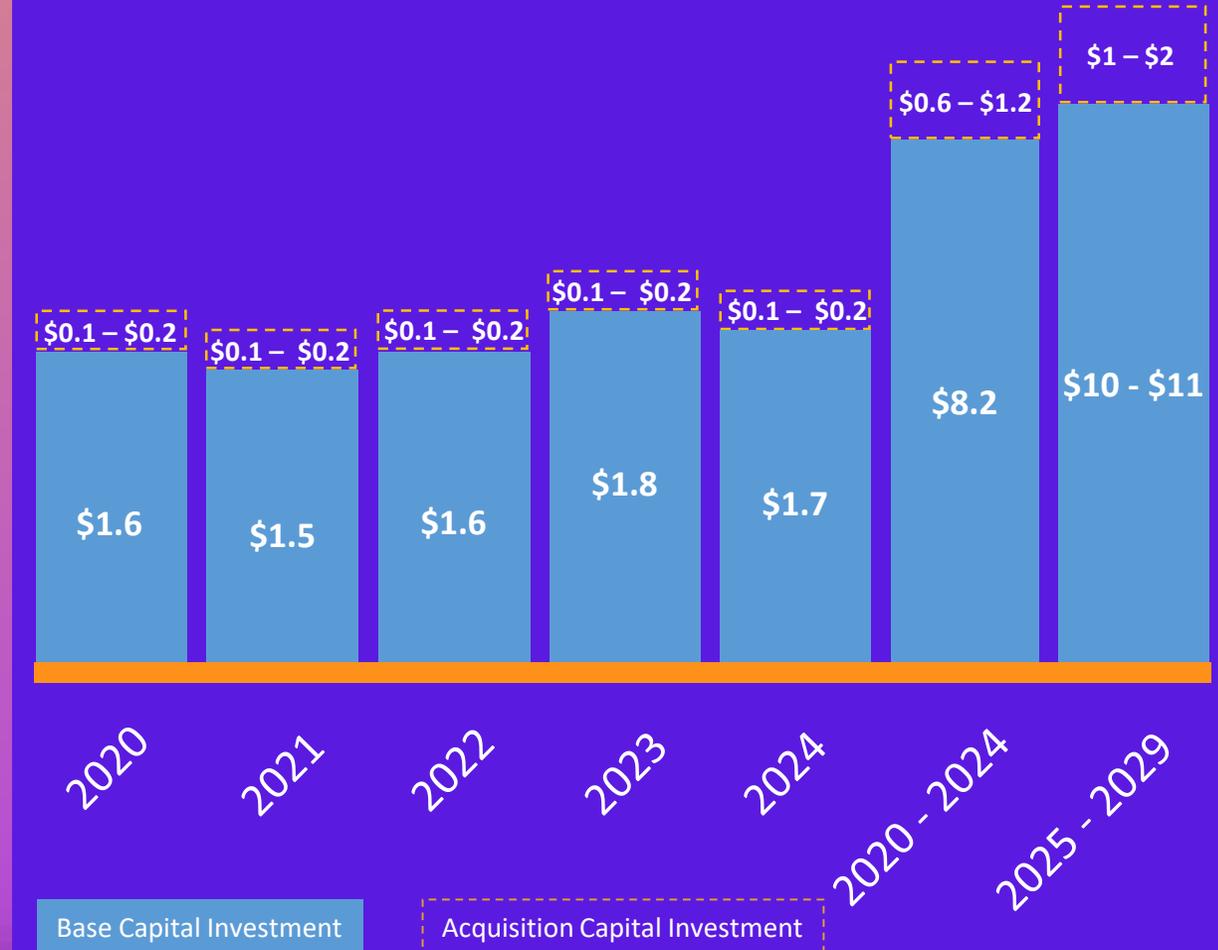
*Anchored off of 2018 Adjusted EPS (a non-GAAP measure)



2020 - 2024 Average Regulated Capital Expenditures by Purpose



Regulated Capital Investment by year
\$ in billions



Balancing Capital Needs & Customer Bill Impact

Investing \$8.2 billion in infrastructure over the next 5 years with a focus on *customer bill impact*

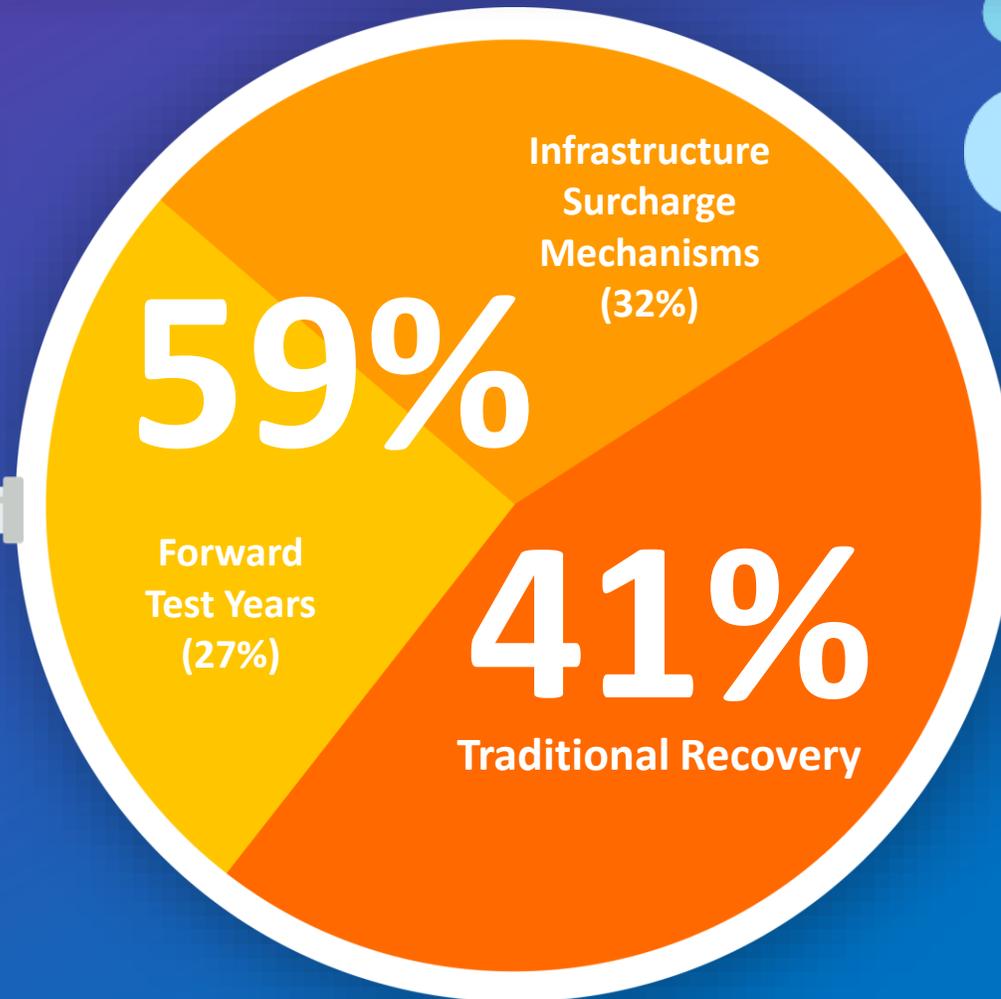


What can help us
Do More

O&M and
Capital
efficiencies

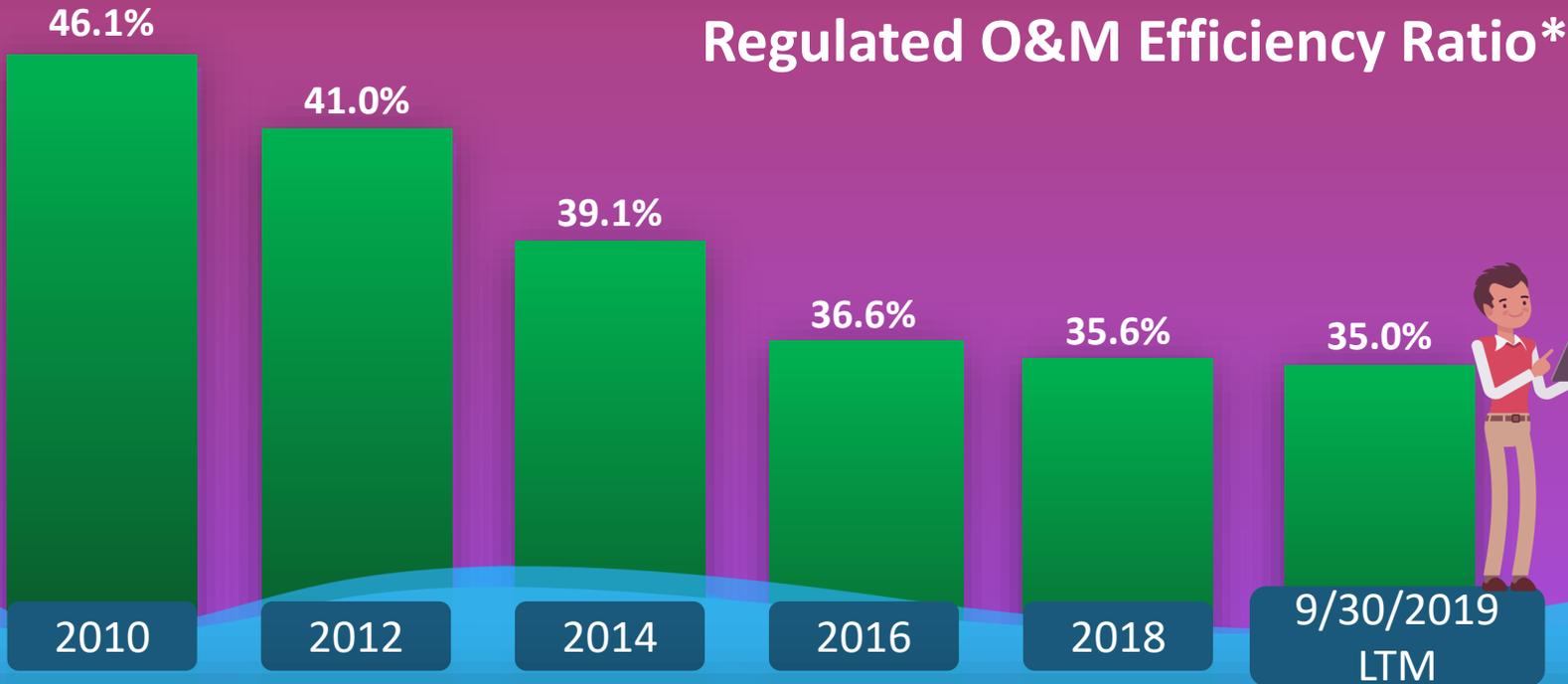
Regulatory
support and
constructive
regulation

Timely Recovery Through Regulatory Mechanisms



2020-2024 Capital Plan
(average)

Disciplined Focus on Expenses



Adjusted O&M Expenses* (\$ in millions)

Year	Adjusted O&M Expenses* (\$ in millions)
2010	\$966
2012	\$980
2014	\$943
2016	\$948
2018	\$1,015
9/30/2019 LTM	\$1,016
2010-2019 LTM	0.6% CAGR

While
adding
≈450,000***
customer
connections

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

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

*** Includes organic customer connections

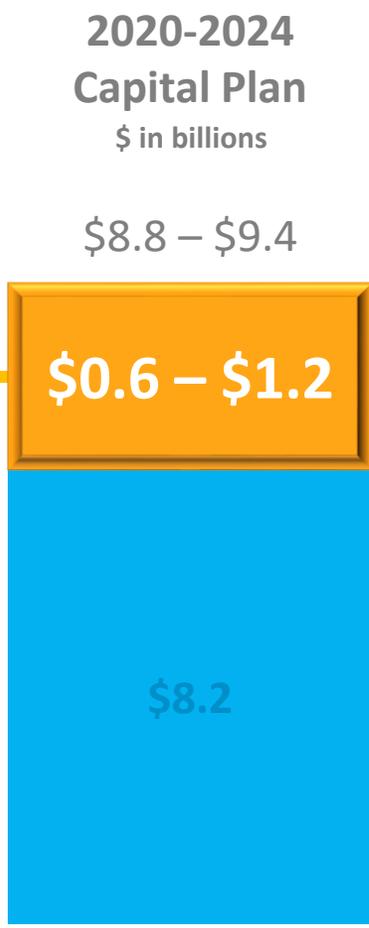
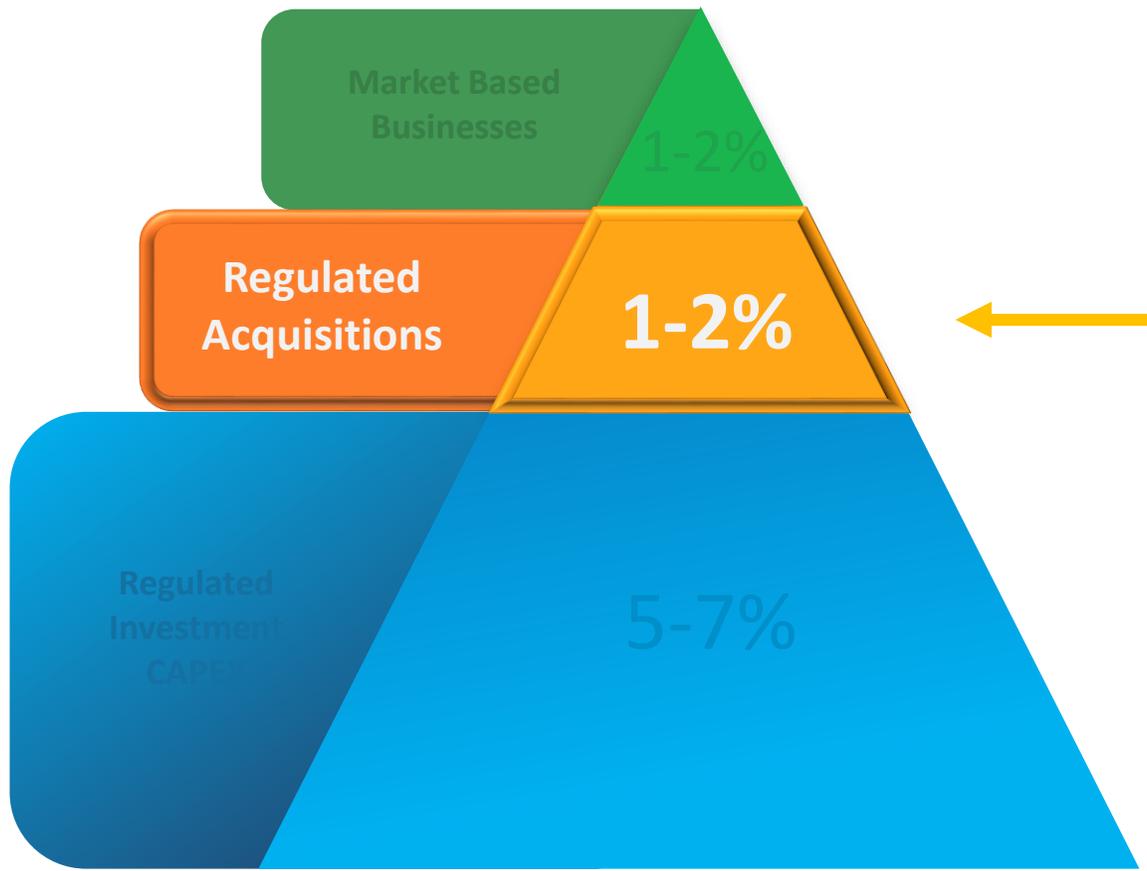


Acquisition Video

We keep life flowing[®]

Regulated Acquisitions Provide Opportunity in a Highly Fragmented Industry

2020-2024 Plan: 7-10%* EPS CAGR range

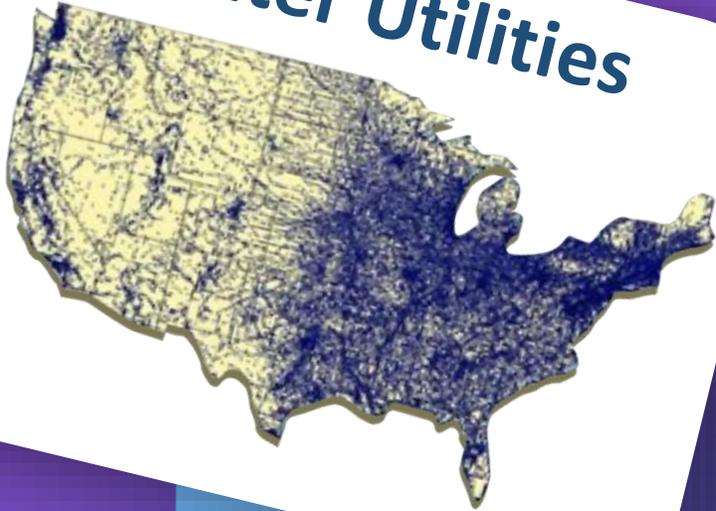


*Anchored off of 2018 Adjusted EPS (a non-GAAP measure)

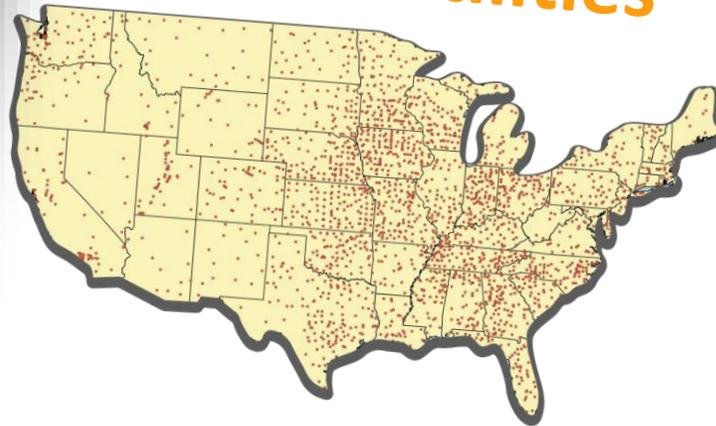


Highly fragmented industry

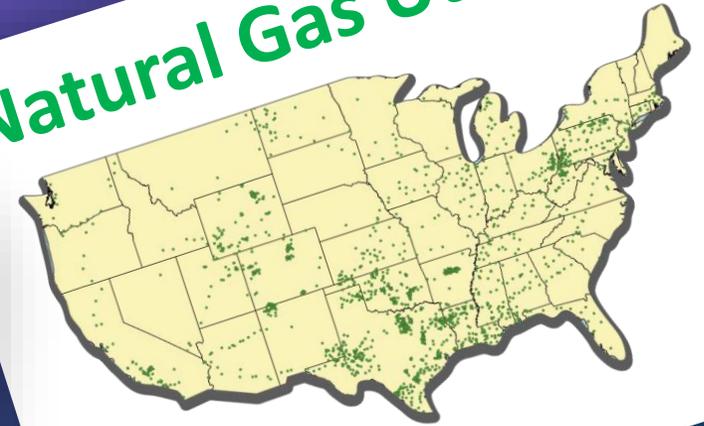
Water Utilities



Electric Utilities



Natural Gas Utilities



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#

Fair Market Value

8

CA NJ
IA MD
IN IL
PA MO

Consolidated

Tariff
12

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

Emerging: Water Quality Accountability Legislation

2

NJ
IN



More than 50,000
Community Water &
about 15,000
Wastewater Systems*

Regulatory &
Legislative climate

Opportunities
over 5 years
≈650,000
Customer Connections

10,000 systems
serving > 3,000
customers

American Water Acquisitions**
(Customer Connections)

From
2015-2019

82***

closed deals in
10 states
≈173,000 customers

Under agreement ≈22,300

Selected Upcoming Acquisition Opportunities
Included in Base Plan

	Approximate Customer Connections
Target A	43,500
Target B	36,500
Target C	30,000
Target D	26,900
Target E	20,000

* The number of water systems are available on the United States Environmental Protection Agency website and number of wastewater systems are included in the 2017 infrastructure report card.

** Excludes organic growth customer connections.

*** Closed water and wastewater deals counted as separate transactions and includes for 2019 20 closed systems as of December 2, 2019.

Impact of AW on Communities

Scranton, PA



Ransom, IL



Bel Air, MD





- ✓ Largest and most geographically diverse water utility in the United States
- ✓ Regulated investment is the foundation of our growth
- ✓ Leveraging technology to enhance customer experience and O&M/Capital efficiency
- ✓ Our leadership reflects our communities
- ✓ Our highly fragmented industry provides opportunity
- ✓ Reliability and steady execution

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

Purpose driven, delivering value to communities



Financial Overview

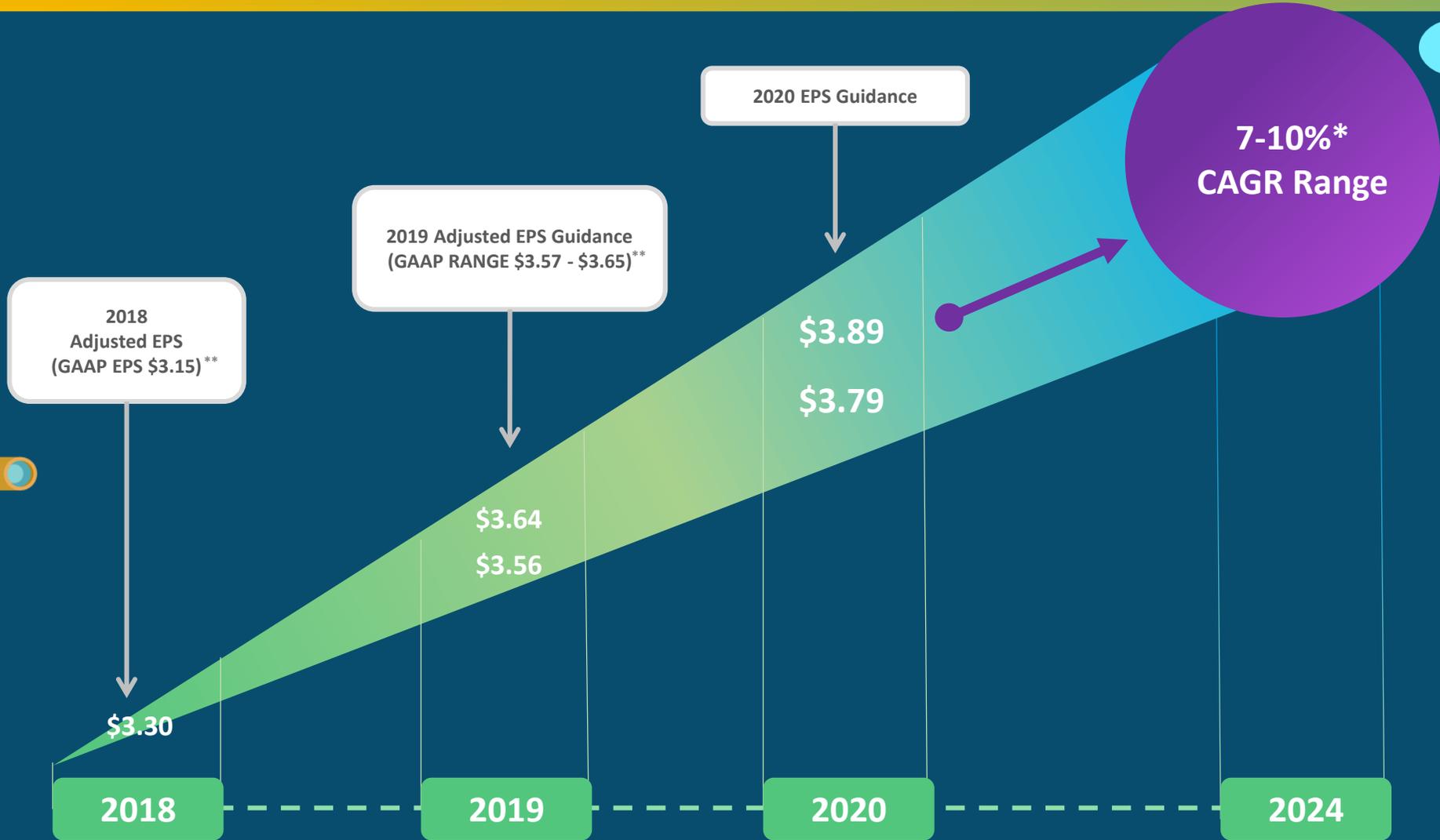
Susan Hardwick

Chief Financial Officer



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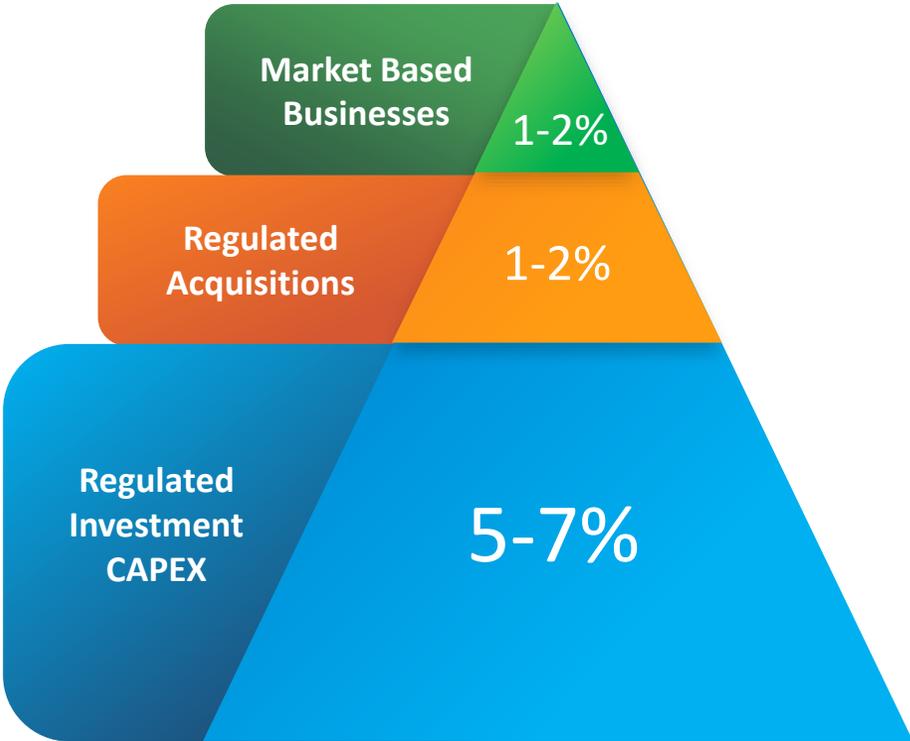
Continued Industry Leading EPS Growth



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

** Adjusted EPS is a Non-GAAP measure. Please see appendix for reconciliation and further information. The GAAP range does not reflect any impact of the transactions announced on November 20, 2019

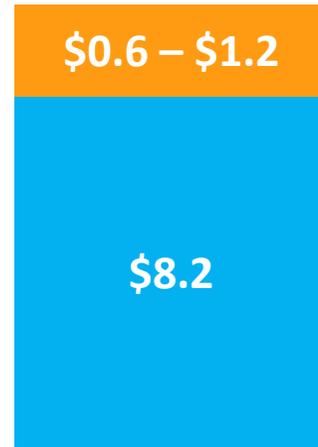
2020-2024 Plan
7-10%* EPS CAGR range



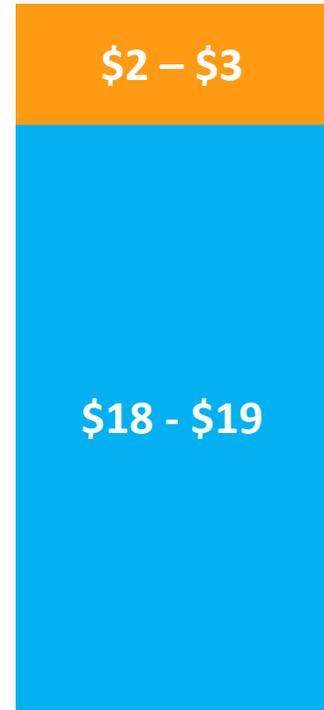
2019 - 2023
Capital Plan
\$8.0 – \$8.6



2020 - 2024
Capital Plan
\$8.8 – \$9.4



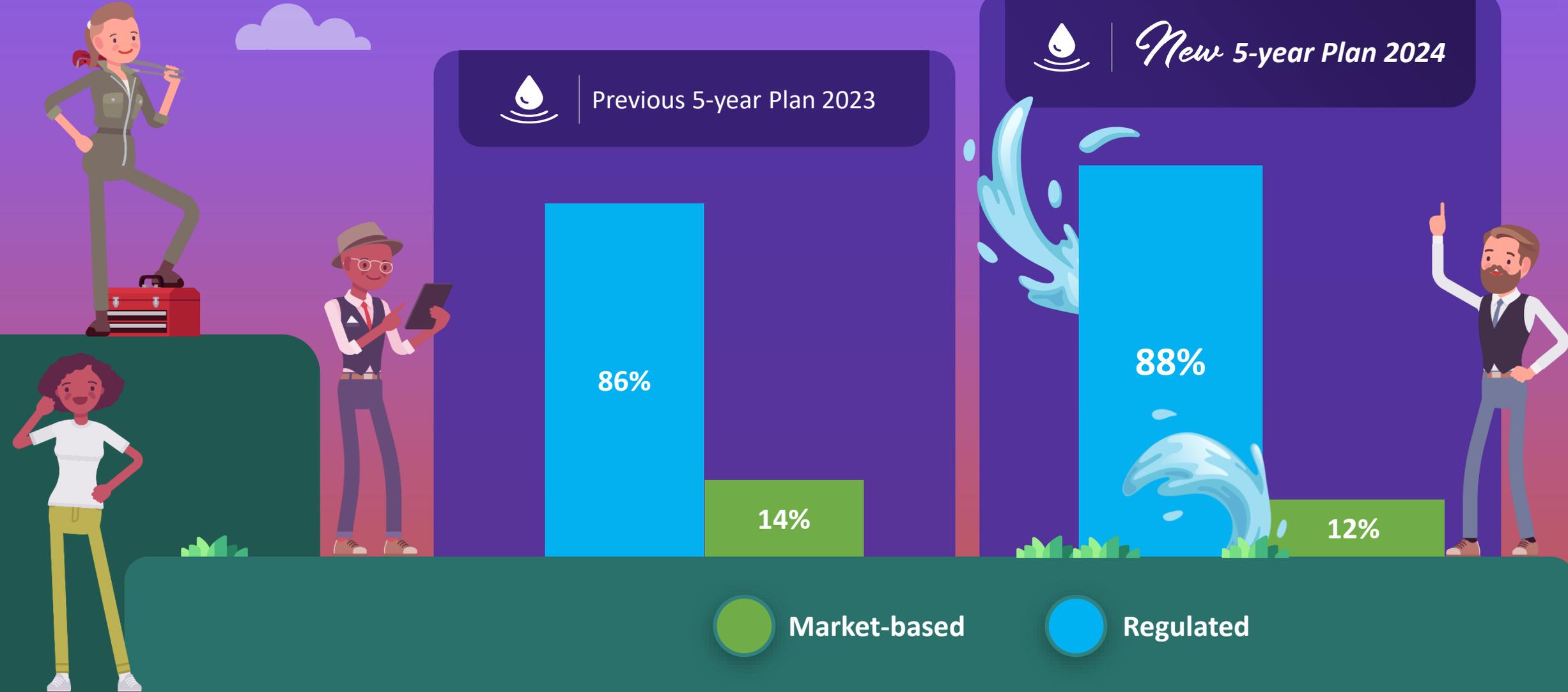
2020 - 2029
Capital Plan
\$20 – \$22



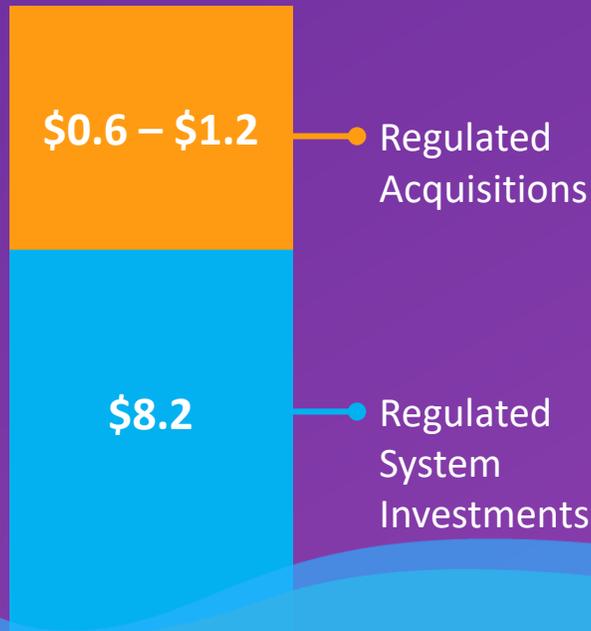
Industry leading growth with *regulated risk profile* supported by capital light Market-Based Businesses

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

Regulated Contribution *Increases* from Previous Plan



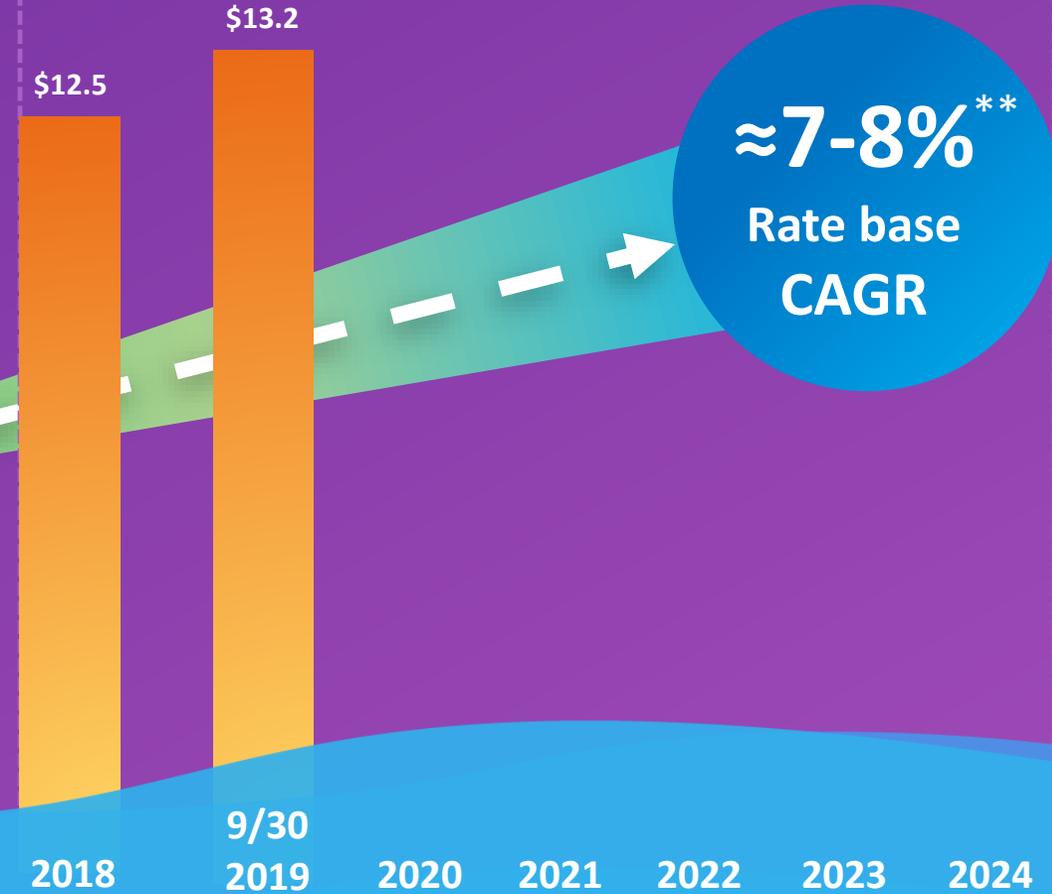
Capital Plan
\$ in billions
\$8.8 – \$9.4



2020- 2024



Rate Base Acceleration*



Multi decade long need for infrastructure investment

*An approximation of rate base, which includes Net Utility Plant not yet included in rate base pending rate case filings/outcomes
**Anchored off of 2018 rate base

Portfolio optimization leads to *2 capital light, cash flow positive* business lines



Proceeds from
New York
American
and Keystone
Transactions

+

Plan Assumes
Issuance \$500
million in
equity

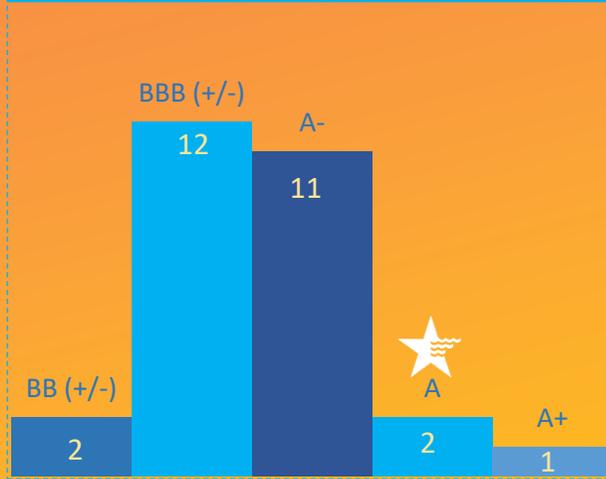
=

Supports
additional
regulated
capital
Investment

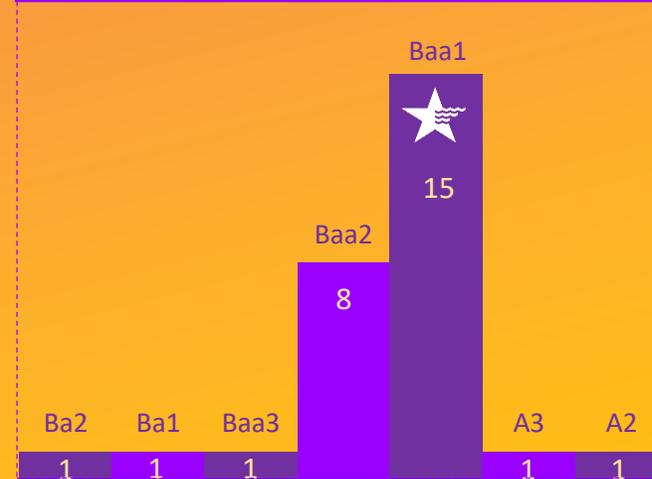


Continued Strong Balance Sheet

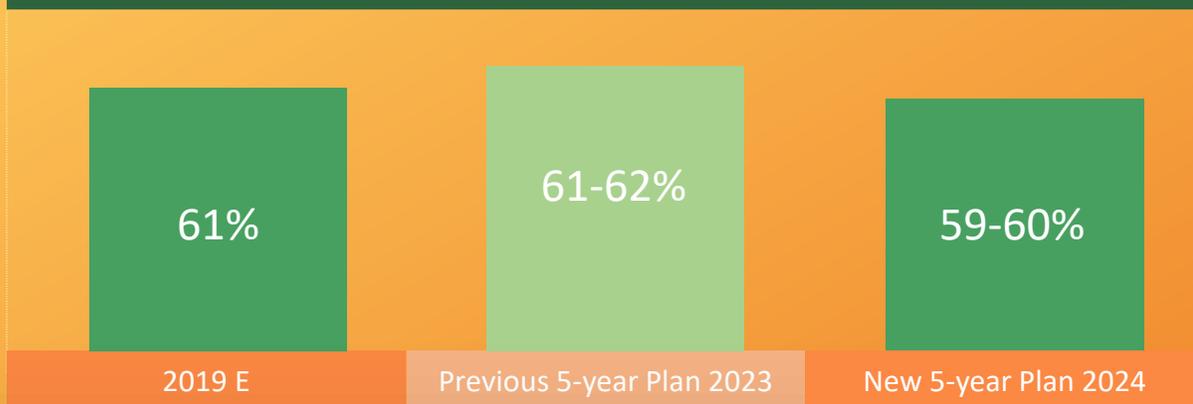
S&P Utility Credit Rating
(stable outlook)



Moody's Utility Credit Rating
(stable outlook)



Debt to Total Capital
\$8.8 to \$9.4 Billion 2020-2024 CapEx Range*



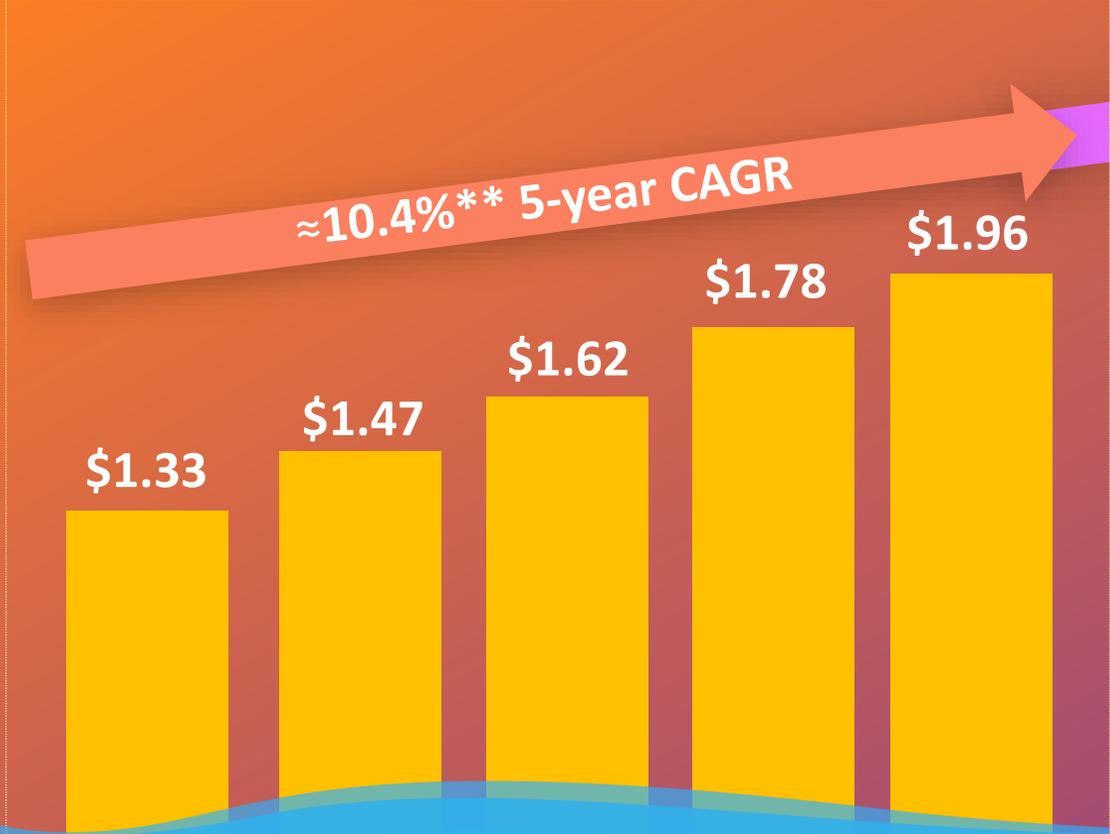
Consolidated debt maturity profile 5 years
as of September 30, 2019



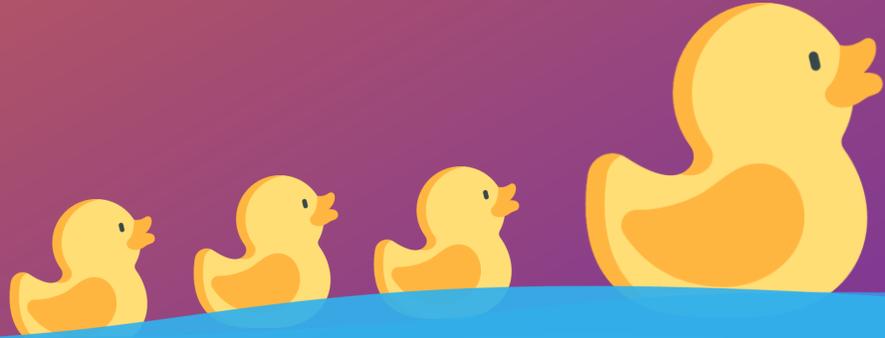
*Includes both long term and short term debt.

Top Leader in Dividend Growth

6 consecutive years of $\approx 10\%$ dividend growth



Target long term dividend growth CAGR at *High End* of 7-10% range*



2015

2016

2017

2018

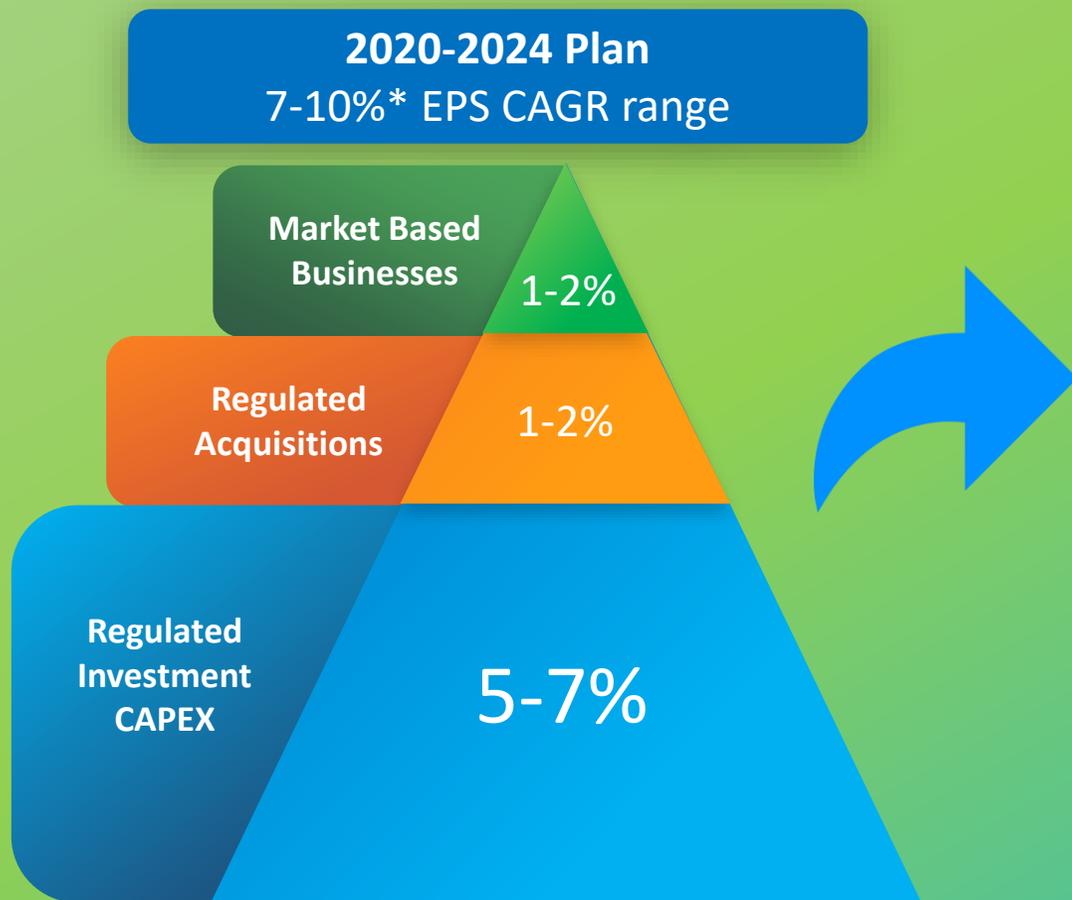
2019

2020

2024

*Future dividends are subject to approval of the American Water Board of Directors **Anchored off of 2014 dividend paid

Our Compelling Story



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

- ✓ **Grow EPS long-term CAGR of 7-10%* ...**
... One of the fastest growing utilities in the nation
- ✓ **Grow dividends at high end of 7-10%* EPS range...**
... Top quartile utility dividend growth
... Payout ratio between 50-60% of earnings
- ✓ **Maintain our predominantly regulated risk profile...**
... Market based businesses represent 12% of EPS in 2024
- ✓ **Invest over \$20 billion in capital over the next 10 years...**
... To ensure water quality and infrastructure growth
- ✓ **Top leader in the utility sector...**
... Combined EPS + dividend growth delivers superior total shareholder return



Closing Remarks

Susan Story

President and Chief Executive Officer



We keep life flowing[®]

Companies *Do Well* by *Doing Good*

Values matter

The “how” is just as important as the “what” for long-term financial sustainability

Water is the most precious resource for life. We aren’t just a water utility; we’re in the health and safety business



How we implement ESG principles

- Keeping employees safe and injury-free, and developing each person to his or her fullest potential
- Being a leader in environmental sustainability, caring for the planet, and leading the nation in outstanding water safety and quality
- Delivering the best, most personalized customer service with empathy and care
- Making communities better because we’re there; and being transparent, accessible and well-governed for our shareholders



New in 2019

#23 on Barron's 100 Most Sustainable Companies; Highest ranked Utility
 Bloomberg Gender Equality Index
 Top 100 Best for Vets Employers by Military Times



Members of



NAACP
 Equity Inclusion and Empowerment Index



2019 Constituent
 MSCI ESG
 Leaders Indexes



FTSE4Good



EURONEXT
 vigeo eiris
 INDICES



West Virginia American Water's Kanawha Valley Plant Wins 1st Place in the WV-AWWA Tap Water Taste Test



"American Water Receives 9 Directors Awards from the EPA's Partnership for Safe Water for Excellence in Water Quality"



Philadelphia Inquirer Lists American Water as a Top-ranked Company on Diversity, Governance & Transparency



United Way Awards American Water Employees the 'Leading the Way Award' for generosity



American Water commits to further diversity in leadership through a partnership with Paradigm for Parity



American Water awards grants to local firefighters to support the safety of local communities



Environmental Business Journal Recognizes American Water for Business Achievement



Young artists earn funds for their schools through Illinois American Water's "Imagine a day Without Water" art contest



American Water employees contribute 4,800 volunteer hours across U.S. during month of service



Peter Drucker Institute & Wall Street Journal Management Top 250 has American Water as the highest ranked utility company



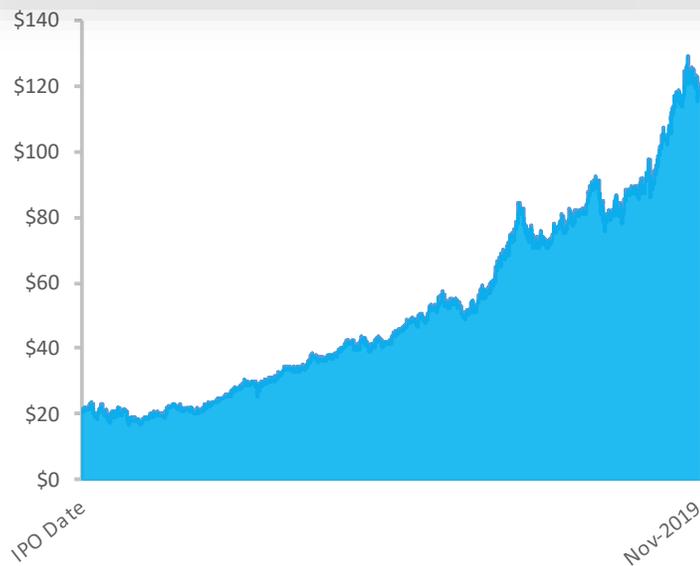
American Water earns 2019 Military Friendly® Bronze Employer designation



American Water earns 2020 Military Friendly® Spouse Employer designation

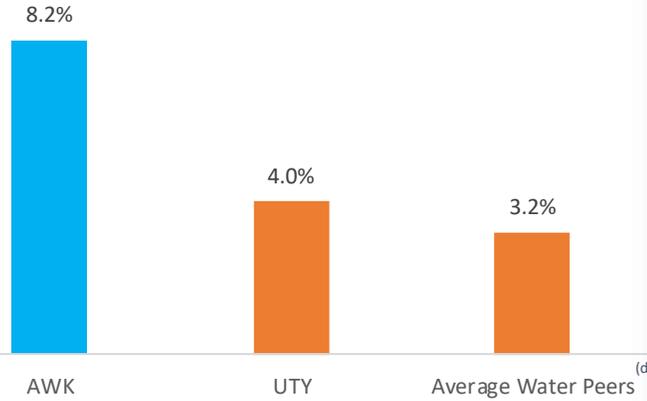
Doing Well...

AWK Daily Stock Price

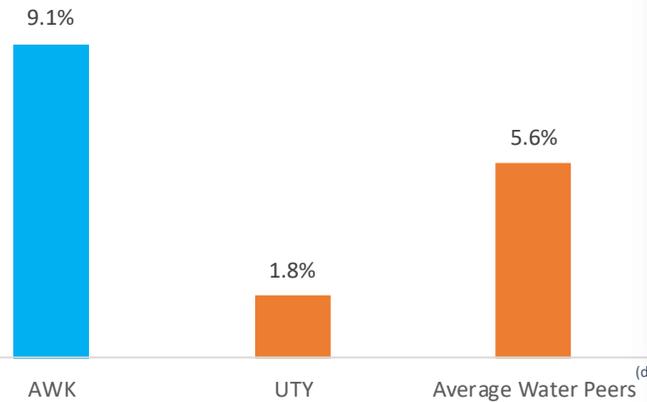


Historical EPS Growth

2018-2019 EPS Growth^(b)

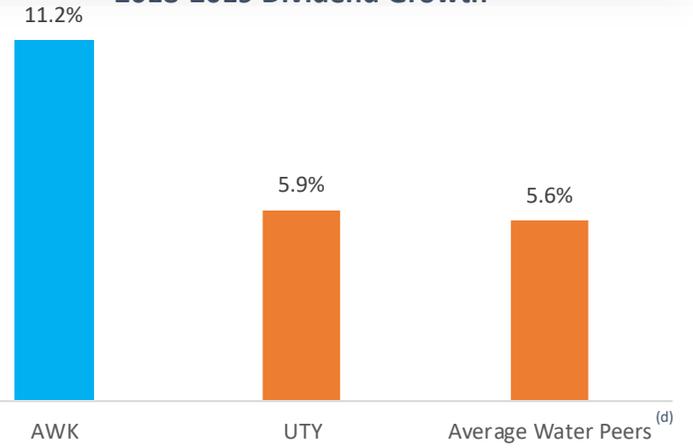


2014-2019 EPS Growth^(a)

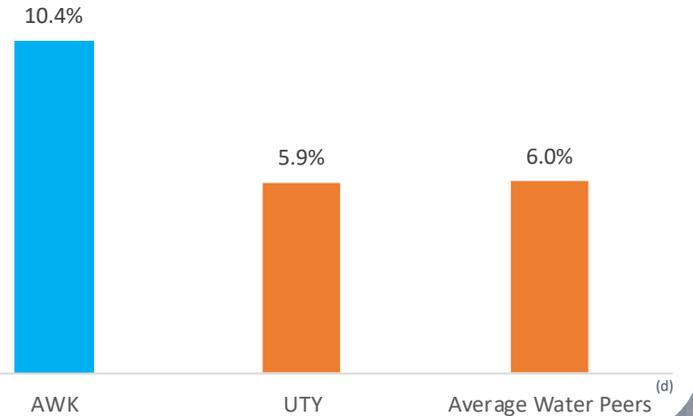


Historical Dividend Growth

2018-2019 Dividend Growth



2014-2019 Dividend Growth



a) Source Factset: 2014 GAAP EPS – 2019 Estimate Comparable Adjusted EPS for three quarters actuals plus fourth quarter FactSet consensus estimates
 b) Source Factset: 2018 Estimate Comparable Adjusted EPS – 2019 Estimate Comparable Adjusted EPS for three quarters actuals plus fourth quarter FactSet consensus estimates
 c) Source Factset Historical DPS (2014 – 2018)
 d) Water peers include: AWR, CTWS, CWT, MSEX, SJW, WTR, YORW

Our Strategy: Key takeaways



The world is changing rapidly. We must adapt or we will cease to exist



Our Purpose and Values don't change—but our strategies and how we execute will



Safety will always be our top focus—for our employees, our customers, and our communities



Our Customers are why we exist. We have to act on that in everything we do



Our People are the heart and soul of our company and we must develop them to their fullest potential and top expertise



Companies are either Growing or Declining—there is no staying the same. We must grow to survive



Those who execute the best on the Fundamentals will win



AMERICAN WATER

Q&A Session

Investor Relations Contacts



Ed Vallejo

Vice President, Investor Relations
edward.vallejo@amwater.com



Ralph Jedlicka

Director, Investor Relations
ralph.jedlicka@amwater.com



Abbey Barksdale

Manager, ESG
abbey.barksdale@amwater.com

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AMERICAN WATER

Appendix

Certain statements in this presentation including, without limitation, with respect to 2019 adjusted earnings guidance; 2020 earnings guidance; dividend growth guidance; the outcome of pending or future acquisition activity; the size and timing of any future equity offerings by the Company to support its capital expenditures; the amount of proceeds to be received by the Company from its previously announced sale of New York American Water Company, Inc. and Keystone Clearwater Solutions, LLC; the amount and allocation of future capital investments and expenditures; estimated revenues and regulatory recovery from rate cases and other governmental agency authorizations; estimates regarding the Company's projected rate base, growth, results of operations and financial condition; the projected growth and size of the regulated businesses; the potential growth, size, income and cash flows of the market-based businesses (individually or in the aggregate); the ability to capitalize on existing or future utility privatization opportunities; the Company's projected regulated operation and maintenance efficiency ratio; macro trends, including with respect to the Company's efforts related to customer, technology and work execution; the Company's ability to execute its business and operational strategy; and projected impacts of the Tax Cuts and Jobs Act (the "TCJA"), are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on management's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results of levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and subsequent filings with the SEC, including the Company's Form 10-Q for the quarter ended September 30, 2019, as filed with the SEC on October 30, 2019, and because of factors including, without limitation: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting and other decisions; changes in laws, governmental regulations and policies, including with respect to environmental, health and safety, water quality and emerging contaminants, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms and solar flares; the outcome of litigation and similar governmental proceedings, investigations or actions; the Company's ability to control operating expenses and to achieve efficiencies in its operations; the Company's ability to successfully meet growth projections for its businesses and capitalize on growth opportunities, including its ability to, among other things, acquire, close and successfully integrate regulated operations and market-based businesses, enter into contracts and other agreements with, or otherwise obtain, new customers in the Company's market-based businesses, and realize anticipated benefits and synergies from new acquisitions; the Company's exposure to liabilities related to environmental laws and similar matters; the use by municipalities and private landowners of the power of eminent domain or other similar authority against one or more of the Company's utility subsidiaries; the Company's access to sufficient capital on satisfactory terms and when and as needed to support operations and capital expenditures; and changes in federal or state general, income and other tax laws, including any further rules, regulations, interpretations and guidance by the U.S. Department of the Treasury and state or local taxing authorities related to the enactment of the TCJA, the availability of tax credits and tax abatement programs, and the Company's ability to utilize its U.S. federal and state income tax net operating loss carryforwards.

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

This presentation includes adjusted earnings per share (“Adjusted EPS”) both as the Company’s 2019 adjusted earnings guidance and as the 2018 earnings per share (“EPS”) compound annual growth rate anchor, both of which constitute “non-GAAP financial measures” under SEC rules. These non-GAAP financial measures are derived from the Company’s consolidated financial information but are not presented in the Company’s consolidated financial statements prepared in accordance with GAAP. Adjusted EPS as 2019 adjusted earnings guidance is defined as GAAP EPS excluding the impact of previously-reported settlement activities related to the Freedom Industries chemical spill in West Virginia. Adjusted EPS as the 2018 EPS compound annual growth rate anchor is defined as 2018 GAAP EPS, excluding the impact of (1) the gain recognized in the third quarter of 2018 on the sale of the majority of the Contract Services Group’s operation and maintenance (“O&M”) contracts; (2) a goodwill and intangible asset impairment charge related to the narrowing of the scope of the business of Keystone Clearwater Solutions in the third quarter of 2018; and (3) the June 2018 insurance settlement related to the Freedom Industries chemical spill in West Virginia.

Management believes that these non-GAAP financial measures are useful to investors because they provide an indication of the Company’s baseline performance excluding items that are not considered by management to be reflective of the Company’s ongoing operating results. Management believes that these non-GAAP financial measures will allow investors to understand better the operating performance of the Company’s businesses and will facilitate a meaningful year-to-year comparison of its 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 excluding the items to represent results as defined by GAAP, and investors should not consider them as indicators of performance. These non-GAAP financial measures are derived from the Company’s consolidated financial information but are not presented in its consolidated financial statements prepared in accordance with GAAP, and thus they should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. In addition, the Company’s definition of Adjusted EPS may not be comparable to the same or similar measures used by other companies, and, accordingly, they may have significant limitations on their use.

This presentation also includes adjusted regulated segment O&M efficiency ratios, both historical and forward-looking, which, in addition to the pro forma adjustment for the impact of the Tax Cuts and Jobs Act (the “TCJA”), excludes from its calculation (i) estimated purchased water revenues and purchased water expenses, (ii) the impact of the Freedom Industries chemical spill in 2014 and certain related settlement activities recognized in 2016, 2018 and 2019, (iii) the estimated impact in 2012 and 2014 of weather, and (iv) the allocable portion of non-O&M support services costs, mainly depreciation and general taxes. Also, an alternative presentation of this ratio has been provided for each of 2010, 2012, 2014 and 2016 which includes the pro forma adjustment for the impact of the TCJA and includes for 2012, 2014 and 2016 the impact of the Company’s 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 adjusted O&M efficiency ratios constitute “non-GAAP financial measures” under SEC rules. These ratios are derived from the Company’s consolidated financial information but are not presented in its consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures supplement and should be read in conjunction with the Company’s GAAP disclosures but should not be considered an alternative to the GAAP measures. Management believes that the presentation of the Company’s adjusted O&M efficiency ratios is useful to investors because it provides a means of evaluating the Company’s operating performance without giving effect to items that are not reflective of management’s ability to increase efficiency of the Company’s regulated operations. In preparing operating plans, budgets and forecasts, and in assessing historical and future performance, management relies, in part, on trends in the Company’s historical results and predictions of future results, exclusive of these items. The Company’s definition of these ratios may not be comparable to the same or similar measures used by other companies, and, accordingly, these non-GAAP financial measures may have significant limitations on their use. Management is unable to present a reconciliation of adjustments to the components of the forward-looking 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 the non-GAAP financial measure component of the forward-looking ratio to differ significantly from the most directly comparable GAAP financial measure.

Set forth in this appendix are tables that reconcile Adjusted EPS as 2019 adjusted EPS guidance and as the 2018 EPS compound annual growth rate anchor, each to GAAP EPS, and each of the components of its historical O&M efficiency ratios to its most directly comparable GAAP financial measure.

All references throughout this presentation to EPS refer to diluted EPS attributable to common shareholders.

Energy Use

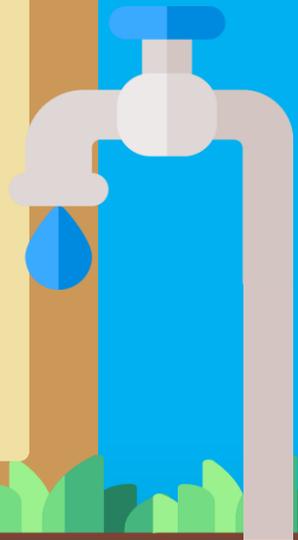
- **GHG emissions:** Goal of reducing 40% by 2025 from 2007 baseline, after achieving approximately 31% reduction through 2018
- **Design for efficiency:** enhanced pump, lighting and process design standards
- **Construct for efficiency:** sustainable construction standards and methods
- **Operate for efficiency:** enhanced best operating practices, leak detection and repair procedures
- **Maintain for efficiency:** computerized maintenance management systems and preventive maintenance systems

Water Use

- **San Clemente dam:** Deconstruction to restore "run of river"
- **Monterey Peninsula Water Supply Project:** Recycling, reuse and desalination using marine life friendly slant wells
- **Customer conservation:** residential customers have saved about 1,100 gallons per customer per year—or 3.3 billion gallons annually, about 12.5 million cubic meters—through conservation and efficiency measures

Water Policy Leadership

- **Capital investment:** Expect 10-year \$20.0 billion to \$22.0 billion total capital investment to address aging infrastructure, reduce/eliminate leaks, improve cyber/physical security, and increase resiliency of critical assets due to climate variability
- **Research & Development:** scientists dedicated to research and partnering with water research foundations, on water quality and technology-water source monitoring
- **Collaboration:** EPA, CDC, state DEPs and other agencies to support effective environmental, health and safety, and water quality standards and regulations



"S": Social Responsibility

Our People

- **Training:** During 2018, nearly 80,000 hours of annual employee safety training
- **Employee engagement:** Frequent surveys with formalized employee action teams
- **Frontline employees:** driving technology development
- **Union representation:** As of December 31, 2018, 49% of workforce in jobs represented by unions
- **Diverse job candidate pools:** During 2018, 86% of job requisitions had a diverse candidate pool, with more than 52% of transfers/promotions filled by minority, female, veteran or disabled individuals
- **Culture:** Diverse, inclusive culture characterized by respect and dignity of every employee

Our Customers

- **Customer data protection:** we do not share or sell personal customer data
- **Technology development:** ensuring a personalized positive experience
- **Customer satisfaction:** Top Quartile in the water industry
- **Online communities as of 10/2019:**
 -  7,610,976 views
 -  87,058 fans
 -  32,076 followers
 -  17,911 followers

Our Communities

- **Community service:** More than 5,000 hours in 2018 for company-sponsored events
- **Charity support:** Sponsored national workplace giving campaigns with the United Way and Water For People, as well as supporting our employees' own charitable endeavors through the American Water Charitable Foundation
- **American Water Charitable Foundation:**
 - Union sportsmen's alliance projects
 - Parks partnerships projects
 - Employee match program
 - Keep Communities Flowing



Board & Committee Structure

- **Ensuring independence:** board is led by an independent, non-executive chair
- **Safety, Environmental, Technology, Operations (SETO) Board Committee**
- **Engaging board sufficiently:** board met 13 times in 2018
- **Board engages directly with front-line employees:** Off-site board meetings twice a year, external stakeholder receptions, dinners and meetings with "high potential" leaders periodically
- **Engaging investors:** robust program for management and board engagement

Diverse

- **Achieving gender parity:** highest proportion of female board members among S&P 500 companies in 2017
- **54.5% female board members as of July 2019**
- **6 of 11 directors <4 years on board as of July 2019**

Demonstrated & Representative Expertise

- **Utility experience and expertise**
- **Internationally recognized cyber security expert**
- **Financial expertise**
- **Retired CEO experience**
- **Operational and manufacturing experience and expertise**
- **Global experience**



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

^(a) On February 5, 2019, the Maryland Public Service Commission issued an Order authorizing an increase of \$1.45 million effective February 5, 2019.

^(b) On February 8, 2019, the West Virginia Public Service Commission issued an Order authorizing an increase of \$19 million effective February 25, 2019, this excludes \$4 million in DSIC revenues.

^(c) Total Rate award for this rate case was \$20.9 million with increases of \$3.6, \$4.8, \$4.6 and \$7.9 million effective 6/1/2017, 4/1/2018, 4/1/2019 and 4/1/2020, respectively. The Rate award for the rate case was adjusted to \$17.9 million with increases of \$2.8, \$4.1, \$3.9 and \$7.1 million effective 6/1/2017, 4/1/2018, 4/1/2019 and 4/1/2020, respectively, to reflect an adjustment to property taxes.

^(d) 2019 step rate increases approved effective May 11, 2019. On August 23rd, 2019 CAW filed a tier 2 advice letter to request a true-up of interim rates. This interim rate true-up included differences between interim rates and adopted rates from the beginning of test year 2018 through the 2019 escalation year up to the May 11, 2019 effective date of step rates. If authorized, the relief requested would become effective on September 22, 2019.

^(e) The overall increase is \$17.5 million in revenues combined over two steps, the first step is effective 7/1/2019 in the amount of \$4.4 million and the second step should be effective 5/1/2020 in the amount of \$13.1.

Rate Filings *Awaiting Final Order*

Rate Cases Filed Company	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
Virginia	Case No. PUR-2018-00175	11/2/2018	\$5 ^(a)	10.80%	\$196
California	Case No. A. 19-07-004	7/1/2019	26 ^(b)		689
California	Case No. A. 16-07-002	11/12/2019	5		601
			\$36		\$1,486
Infrastructure Charges Filed					
West Virginia (DSIC)		6/28/2019	\$4 ^(c)		\$41
Missouri (ISRS)		8/26/2019	6		55
New Jersey (DSIC)		11/15/2019	10		80
Tennessee (QIIP, EDI, SEC)		11/15/2019	2		21
			\$22		\$197
		Total Awaiting Final Order:	\$58		

^(a) The requested increase filed for was \$5.6 million, which includes \$0.9 million from infrastructure filings. Interim rates were effective on May 1, 2019, under bond and subject to refund.

^(b) Test Year 2021 revenue requirement requests an increase of \$26.0 million. This excludes the step rate and attrition rate increase for 2022 and 2023 of \$9.8 million and \$10.8 million, respectively. The total revenue requirement request for the three year rate case cycle is \$46.6 million.

^(c) The DSIC revenue requirement is \$3.7 million increase which is offset by \$0.1 million related to Boone-Raleigh Acquisition Settlement adjustment.

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

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

*Rate Base stated in \$000s

^(a) On March 22, 2018, Decision 18-03-035 set the authorized cost of capital for 2018 through 2020. CA has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding.

^(b) The Rate Base listed is the Company's view of the Rate Base allowed in the case, the Rate Base was not disclosed in the Order or the applicable settlement agreement.

^(c) The Authorized Equity excludes cost-free items or tax credit balances at the overall rate of return which lowers the equity percentage as an alternative to the common practice of deducting such items from rate base.

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

^(e) The ROE listed is the Company's view of the ROE allowed in the case, the ROE was not disclosed in the Order or the applicable settlement agreement.

^(f) Interim rates were effective April 1, 2016 and received final Order May 24, 2017.

^(g) Interim rates were effective June 15, 2018 and final rates effective October 29, 2018.

^(h) The Rate Base and equity ratio listed is the Company's view of what was allowed in the case, there were multiple versions disclosed by the parties in the applicable settlement agreement.

2019 Closed Acquisitions* as of December 2, 2019

State	Number of Systems	Water Customer Connections	Wastewater Customer Connections	Total Customer Connections
California	1	500	-	500
Illinois**	4	500	29,700	30,200
Indiana	2	6,200	-	6,200
Kentucky	2	400	200	600
Missouri	4	100	100	200
New Jersey	1	-	1,800	1,800
Pennsylvania	5	2,700	10,400	13,100
West Virginia	1	500	-	500
Total	20	10,900	42,200	53,100

* Customer Connections are rounded

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

Pending Acquisitions* as of December 2, 2019

State	Number of Systems	Water Customer Connections	Wastewater Customer Connections	Total Customer Connections
California	6	12,500	-	12,500
Hawaii	1	-	200	200
Iowa	1	100	-	100
Illinois	8	1,100	2,400	3,500
Indiana	1	-	500	500
Missouri	3	-	100	100
New Jersey	1	-	2,800	2,800
Pennsylvania	2	-	2,100	2,100
Tennessee	1	200	-	200
West Virginia	1	300	-	300
Total	25	14,200	8,100	22,300

* Customer Connections are rounded

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

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

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

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

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

Reconciliation Table: Adjusted Earnings Per Share Guidance Range*

2019 EPS Guidance Range	Low End	High End
Diluted earnings per share:		
Earnings guidance range (GAAP) *	\$ 3.57	\$ 3.65
Adjustment:		
Freedom Industries liability reduction	(0.02)	(0.02)
Income tax impact	0.01	0.01
Net adjustment	(0.01)	(0.01)
Adjusted earnings guidance range (non-GAAP)	\$ 3.56	\$ 3.64

* The GAAP range does not reflect any impact of the transactions announced on November 20, 2019

Reconciliation Table: Regulated Segment O&M Efficiency Ratio

Regulated Segment O&M Efficiency Ratio (A Non-GAAP Unaudited Number) (\$ in millions)	FY 2010	FY 2012	FY 2014	FY 2016	FY 2018	LTM 9/30/2019
Total operations and maintenance expense	\$1,291	\$1,330	\$1,350	\$1,504	\$1,479	\$1,526
Less:						
Operations and maintenance expense – Market Based Operations	257	256	289	372	362	398
Operations and maintenance expense – Other	(61)	(56)	(51)	(44)	(42)	(49)
Total operations and maintenance expense – Regulated Businesses	\$1,095	\$1,130	\$1,112	\$1,176	\$1,159	\$1,177
Less:						
Regulated purchased water expense	100	110	122	122	133	133
Allocation of non-operation and maintenance expenses	29	35	39	30	31	32
Impact of Freedom Industries activities	-	-	10	65	(20)	(4)
Estimated impact of weather	-	5	(2)	-	-	-
Adjusted operations and maintenance expense – Regulated Businesses (a)	\$966	\$980	\$943	\$959	\$1,015	\$1,016
Total operating revenues	\$2,555	\$2,854	\$3,011	\$3,302	\$3,440	\$3,558
Less:						
Operating Revenues – Market Based Operations	295	307	355	451	476	540
Operating Revenues – Other	(26)	(17)	(18)	(20)	(20)	(22)
Total pro forma operating revenues – Regulated Businesses	\$2,286	\$2,564	\$2,674	\$2,871	\$2,984	\$3,040
Less:						
Regulated Purchased Water expense*	100	110	122	122	133	133
Plus:						
Freedom Industries chemical spill in West Virginia	-	-	1	-	-	-
Estimated impact of weather	-	(47)	17	-	-	-
Adjusted pro forma operating revenues—Regulated Businesses (b)	\$2,186	\$2,407	\$2,570	\$2,749	\$2,851	\$2,907
Adjusted O&M efficiency ratio—Regulated Businesses (a)/(b)	44.2%	40.7%	36.7%	34.9%	35.6%	35.0%

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

* Calculation assumes purchased water revenues approximate purchased water expenses

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

*** Includes the impact of the Company's adoption of ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit, on January 1, 2018.