



AMERICAN WATER

NYSE: AWK

# Institutional Investor Presentation

November 2015



# Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this presentation including, without limitation, 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. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. Actual results could differ materially because of factors such as the decisions of governmental and regulatory bodies, including decisions to raise or lower rates; the timeliness of regulatory commissions' actions concerning rates and other matters; changes in laws, governmental regulations and policies, including environmental, health and water quality, and public utility regulations and policies; the outcome of litigation and government action including with respect to the Freedom Industries chemical spill in West Virginia; weather conditions, patterns or events or natural disasters, including drought or abnormally high rainfall, strong winds, coastal and intercoastal flooding, earthquakes, landslides, hurricanes and tornadoes, and cooler than normal temperatures; changes in customer demand for, and patterns of use of, water, such as may result from conservation efforts; its ability to appropriately maintain current infrastructure, including its technology systems, and manage the expansion of its business; its ability to obtain permits and other approvals for projects; changes in its capital requirements; its ability to control operating expenses and to achieve efficiencies in its operations; the intentional or unintentional acts of a third party, including contamination of its water supplies and attacks on its computer systems; its ability to obtain adequate and cost-effective supplies of chemicals, electricity, fuel, water and other raw materials that are needed for its operations; its ability to successfully acquire and integrate water and wastewater systems that are complementary to its operations; its ability to successfully expand its business, including concession arrangements and agreements for provision of water services in shale regions for exploration and production; cost overruns relating to improvements or the expansion of its operations; changes in general economic, business and financial market conditions; access to sufficient capital on satisfactory terms; fluctuations in interest rates; the effect of restrictive covenants or changes to credit ratings on its current or future debt that could increase its financing costs or affect its ability to borrow, make payments on debt or pay dividends; fluctuations in the value of benefit plan assets and liabilities that could increase financing costs and funding requirements; the ability to utilize its U.S. and state net operating loss carryforwards; migration of customers into or out of its service territories and the condemnation of its systems by municipalities using the power of eminent domain; difficulty in obtaining insurance at acceptable rates and on acceptable terms and conditions; its ability to retain and attract qualified employees; labor actions including work stoppages and strikes; the incurrence of impairment charges; and civil disturbance, terrorist threats or acts, or public apprehension about future disturbances or terrorist threats or acts.

For further information regarding risks and uncertainties associated with American Water's business, please refer to American Water's annual and quarterly SEC filings. The company undertakes no duty to update any forward-looking statement, except as otherwise required by the federal securities laws.

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## American Water Overview



# American Water: The Premier Water Services Provider In North America



## Market Statistics\*

- **\$16.6 Billion** Total Enterprise Value
- **860,000** Average Daily Trading Volume LTM
- **\$10.5 Billion** Market Capitalization
- **\$3.0 Billion** in 2014 Revenues
  - 89% Regulated, 11% Market Based
- **13.8%** Total Shareholder Return for Last 12 Months
- **2.3%** Current Dividend Yield
- **0.8 Beta**

## Assets

- **15 Million** People Served
- **48,000** Miles of Pipeline
- **6,800** Employees
- **1,600** Communities
- **3.2 Million** Regulated Customers

\* Market data as of November 5, 2015, Source : FactSet

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# American Water Is Unique

*Strong Earnings & Dividend Growth*

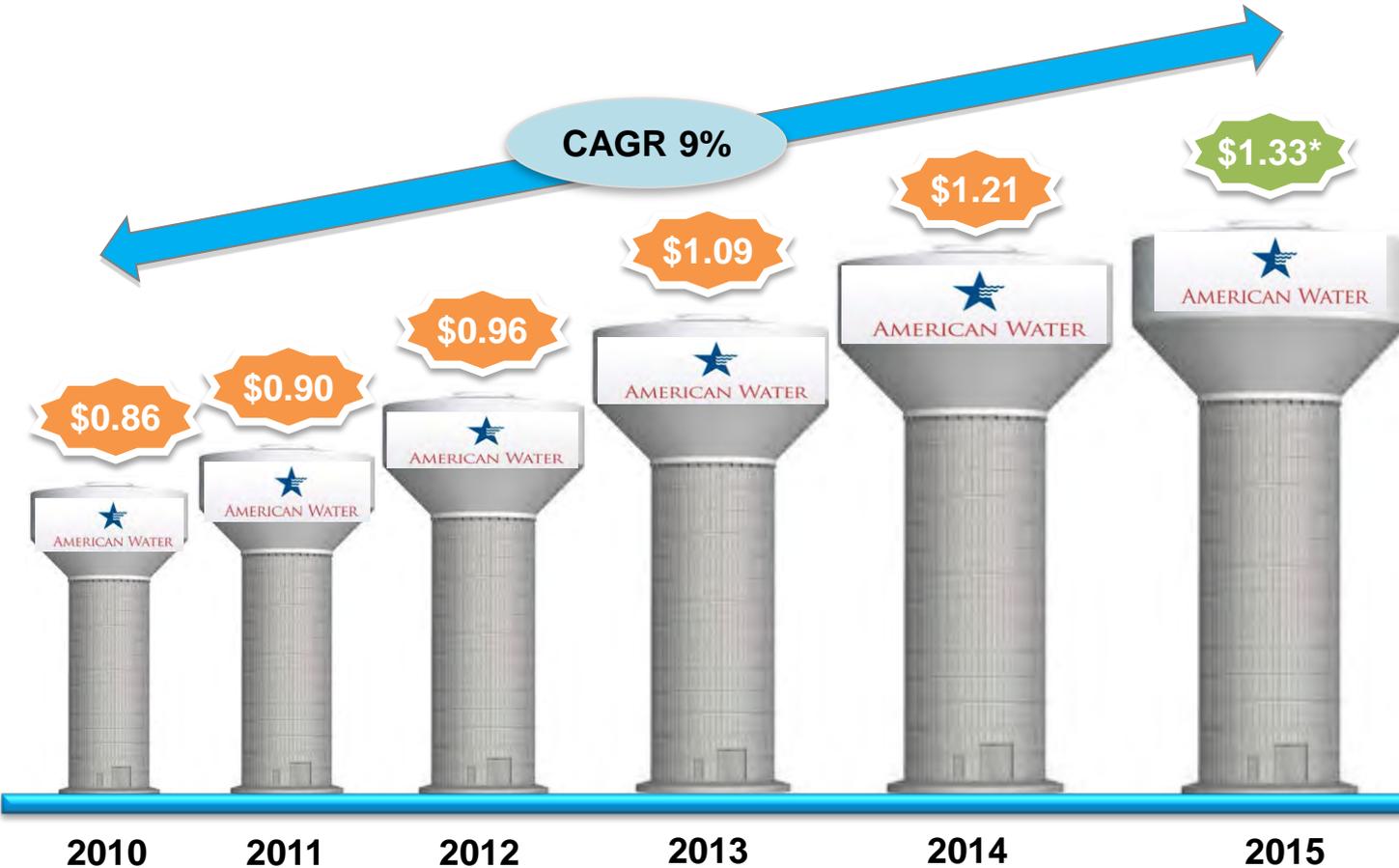
-  Industry Leading projected **7-10%** Long Term EPS Growth with **0.8** Beta\*
-  **9%** Dividend Growth rate Top Quartile in Utilities\*\*
-  Operational Excellence Minimizes Bill Increases projected approximately **2%** on an average
-  Commitment to Innovation & Environmental Stewardship, over **600** technologies examined

\*Source : FactSet 5 Yr Beta (Adjusted)

\*\*Source: FactSet: Time Period: 2010 – 2015 Dividend Paid CAGR, assumes future quarterly dividend payments in 2015 equal to current quarterly dividend. Peer companies include: AEP , AES , AWK , CNP , D , DUK , ED , EIX , EXC , FE , NEE , NI , PCG , PEG , SO , AWR , ARTNA , CTWS , CWT , MSEX , SJW , WTR , YORW

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# Long History Of Consistent Dividend Growth



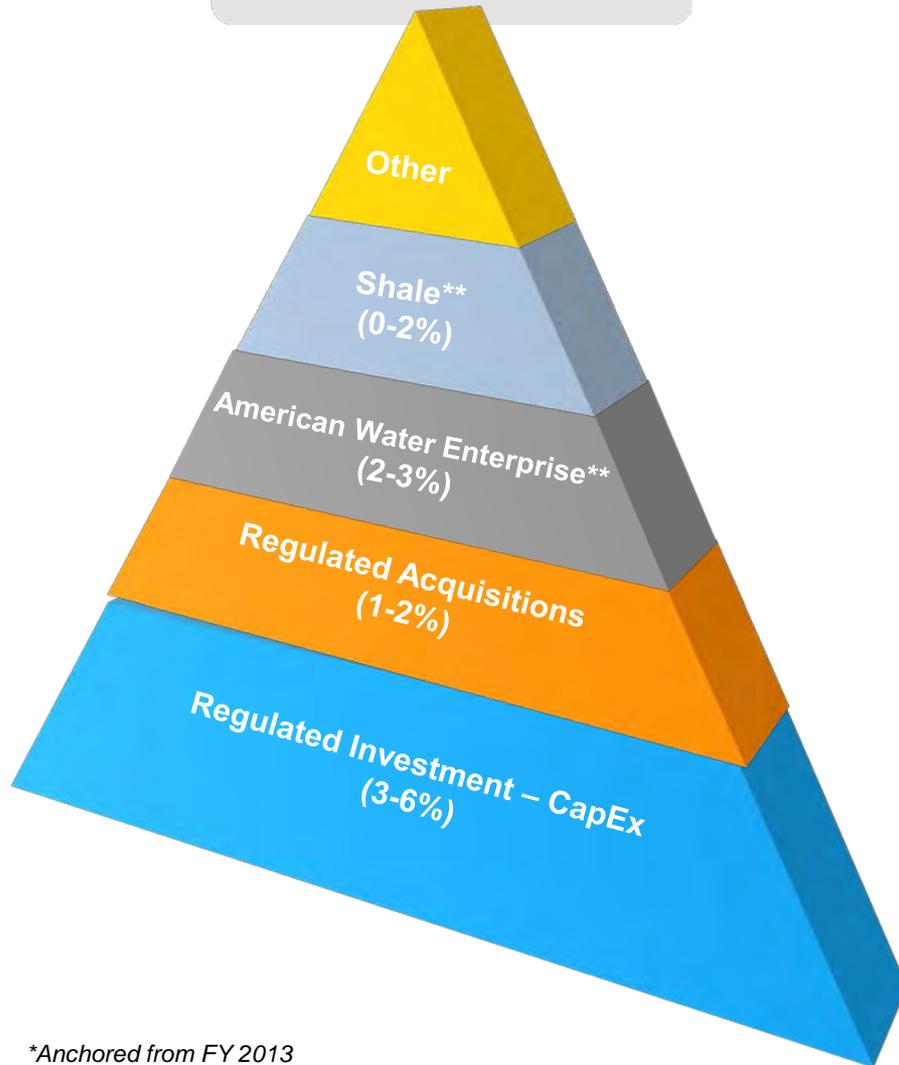
- Future dividend increases aligned with normalized EPS growth
- Payout ratio between 50-60 percent of net income

**Top quartile Dividend CAGR Growth compared to DJUA companies and Water Peers\*\***

\*Assumes fourth quarter 2015 dividend payment equal to current quarterly dividend of \$0.34 per share. Payment of fourth quarter 2015 dividend subject to Board review and approval  
 \*\*Source: Factset: Time Period: 2010 – 2015 Dividend Paid CAGR, assumes future quarterly dividend payments in 2015 equal to current quarterly dividend.  
 Peer companies include: AEP, AES, AWK, CNP, D, DUK, ED, EIX, EXC, FE, NEE, NI, PCG, PEG, SO, AWR, ARTNA, CTWS, CWT, MSEX, SJW, WTR, YORW

# Our Future: Our Commitment Over The Next 5 Years

2015 - 2019  
Plan



- Industry Leading **7-10%** Long Term EPS Growth\*
- **\$6 billion** investment to improve infrastructure, expand water and wastewater customer base
- O&M Efficiency stretch target of **34%** by 2020, with average customer bill impacts **~2%**
- Develop shale and water-energy nexus opportunities
- Commitment to Innovation & Environmental Stewardship
- Dividend growth aligned with earnings growth, **50- 60%** target payout ratio

\*Anchored from FY 2013

\*\*Market Based Segment (MBB) includes American Water Enterprise (AWE) & Shale. AWE Includes our HOS, Military services and other businesses.

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# Business Updates

## 2014 Water Quality Report

- **15x** better than the industry average for compliance with drinking water quality standards
- **20x** better than the industry average for meeting all drinking water requirements



## Selection to the Dow Jones Utilities Average

- 15-member index that represents the stock performance of large, well-known U.S. companies within the utilities sector
- Index Market Capitalization of approximately \$400 billion
- Since inception in 1929 only 40 companies have been part of the Index
- American Water is the only water & wastewater utility to ever be included in the Index



## Rating Upgrade

- Standard & Poor's (S&P) reported on May 7, 2015, it had upgraded American Water's corporate credit rating to 'A' from 'A-'
- Additionally, on August 7, 2015, the company received rating upgrade from Moody's to 'A3' from 'Baa1'





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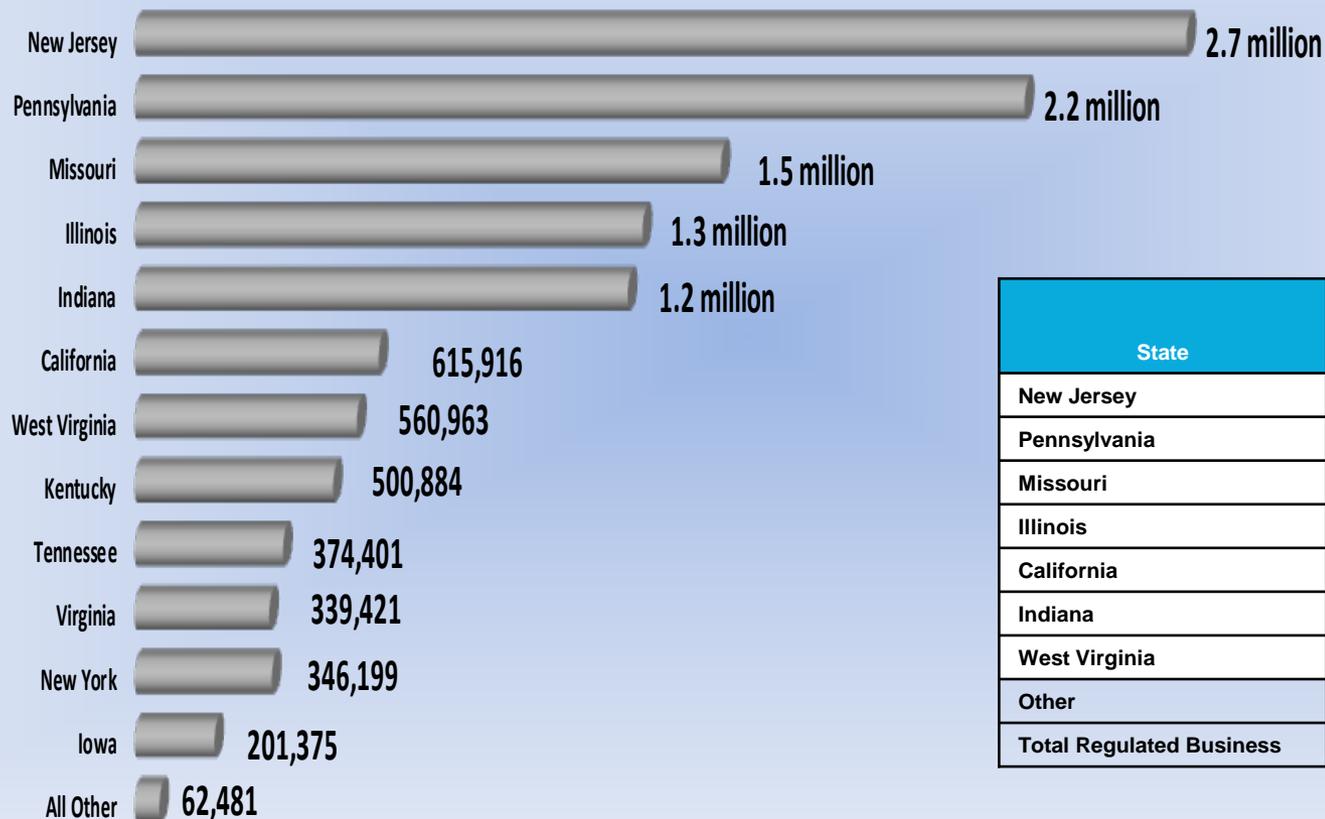
## Our Regulated Business



# Our Regulated Business

## States Where We Operate

(approximate population served by state)\*

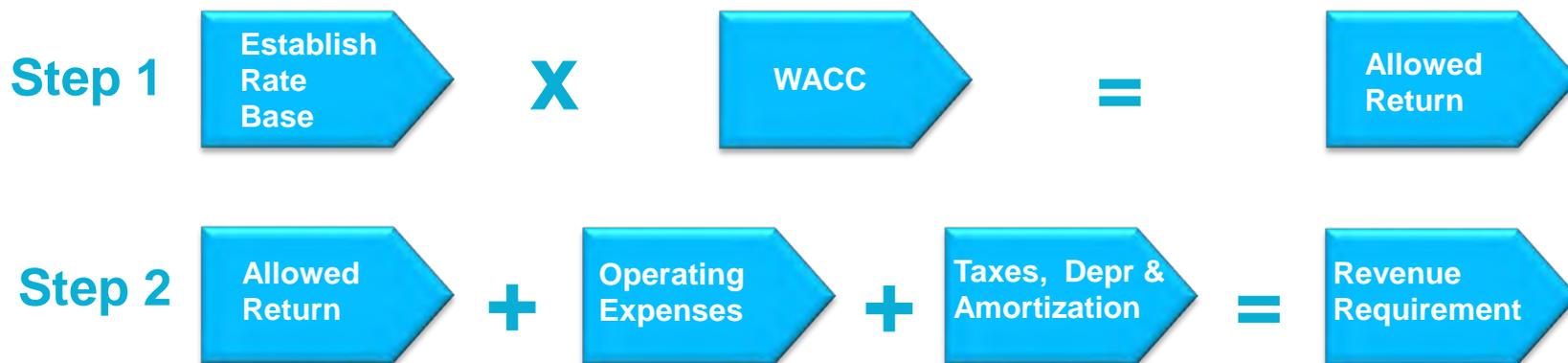


State	FY 2014 Revenues (\$ mm)	% of Total
New Jersey	\$652.3	24.5%
Pennsylvania	605.4	22.6%
Missouri	270.2	10.1%
Illinois	262.3	9.8%
California	209.8	7.8%
Indiana	200.6	7.5%
West Virginia	127.0	4.7%
Other	346.7	13.0%
<b>Total Regulated Business</b>	<b>\$2,674.3</b>	<b>100%</b>

\* Population data for FY 2014

# The Rate Of Return Regulation In The United States

Prudent Investment Drives Need for Rate Cases



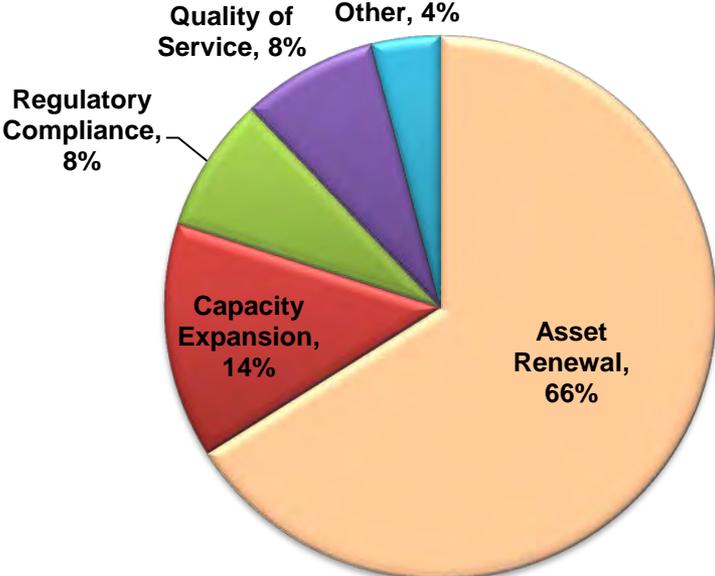
American Water has experience in securing appropriate rates of return and promoting constructive regulatory frameworks

# Investment In Water & Wastewater Industry Is Urgently Needed

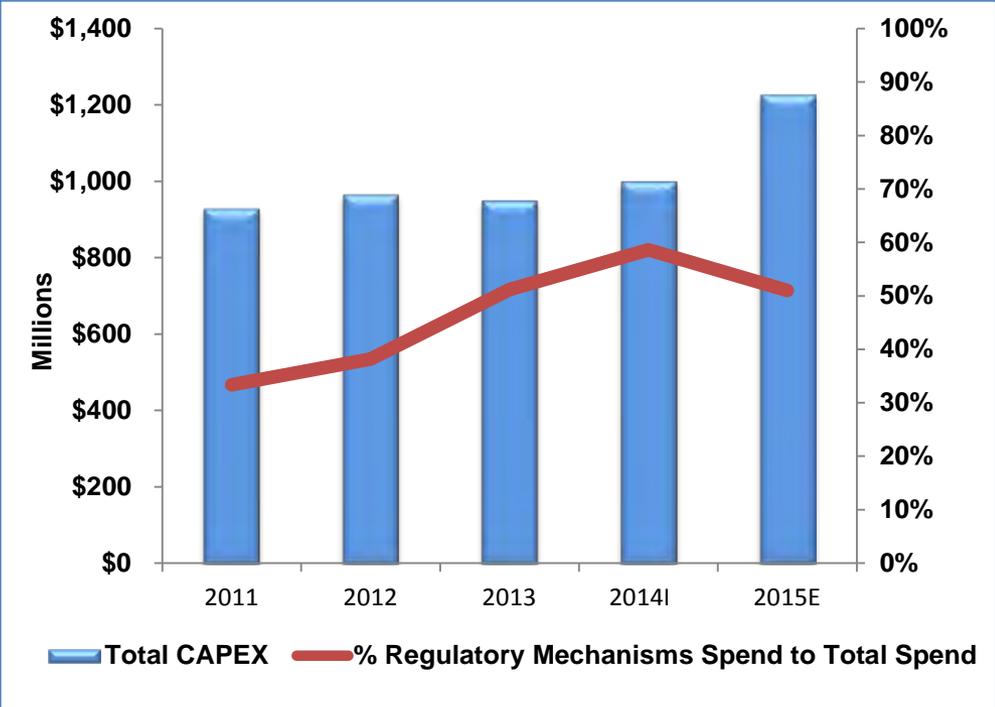
- ❑ Water: approximately one million miles of pipe in the U.S.
- ❑ A major water main breaks every two minutes in the U.S.
- ❑ Two trillion gallons of treated water lost every year at a cost of \$2.6 billion
- ❑ Wastewater: approximately 800 thousand miles of sewer mains
- ❑ 900 billion gallons of untreated sewage discharged each year
- ❑ By 2020, 44% of U.S. pipe infrastructure to be classified as poor, very poor, or life elapsed

# Regulatory Capital Investment Of \$5.2 Billion Over Next Five Years

2015 – 2019 Average Capital Expenditures by Purpose



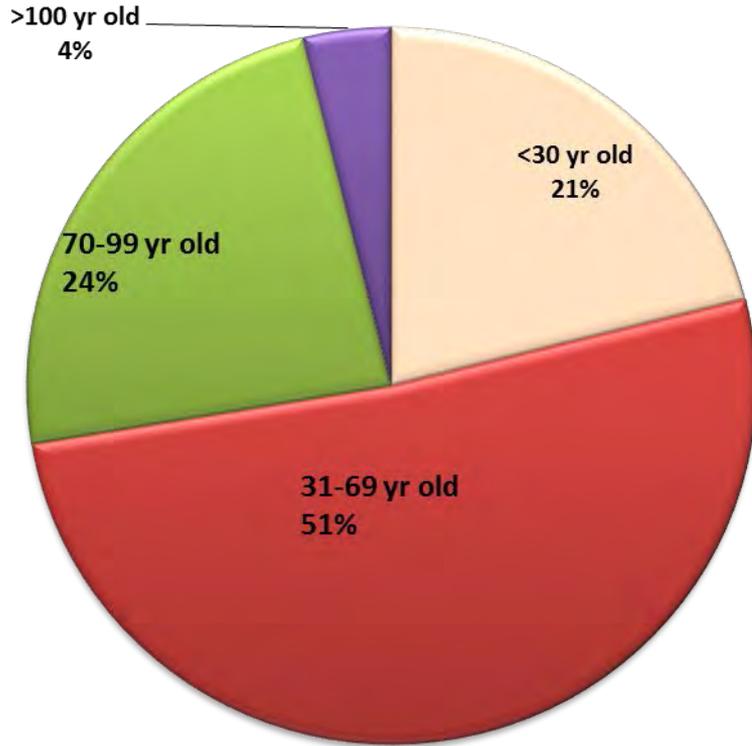
Investments covered by Regulatory Mechanisms



Note  
 (1) Regulatory Mechanisms include DSIC, SIC and Future Test Years

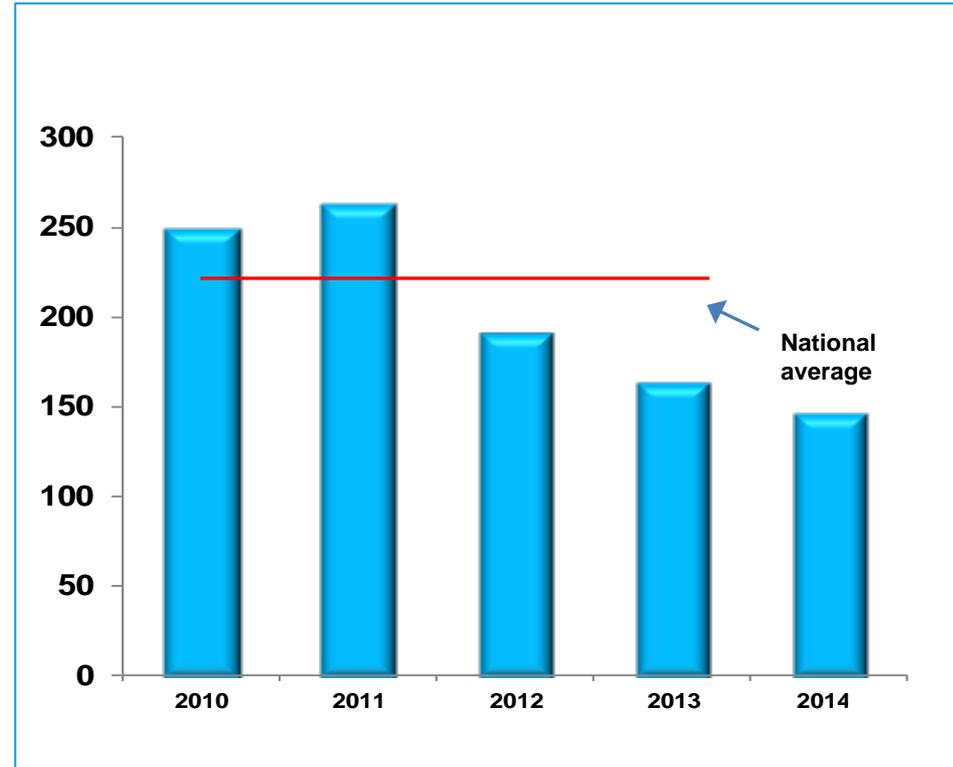
# Pipe Age Distribution & Replacement Rate

## Pipe Age Distribution – AW System



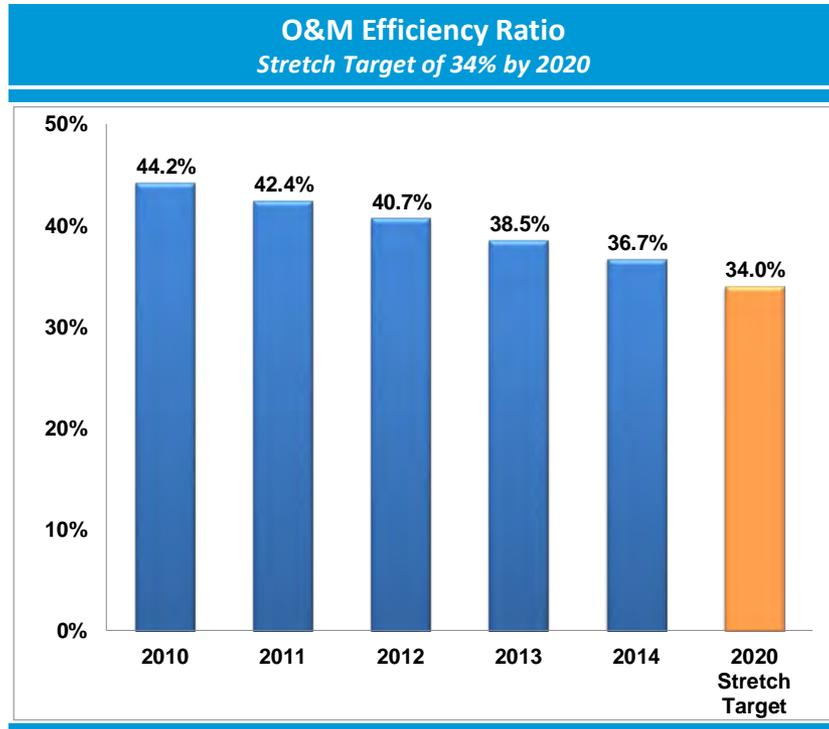
Over 25% pipes are 70 years or older

## American Water Pipe Replacement Rate (in years)

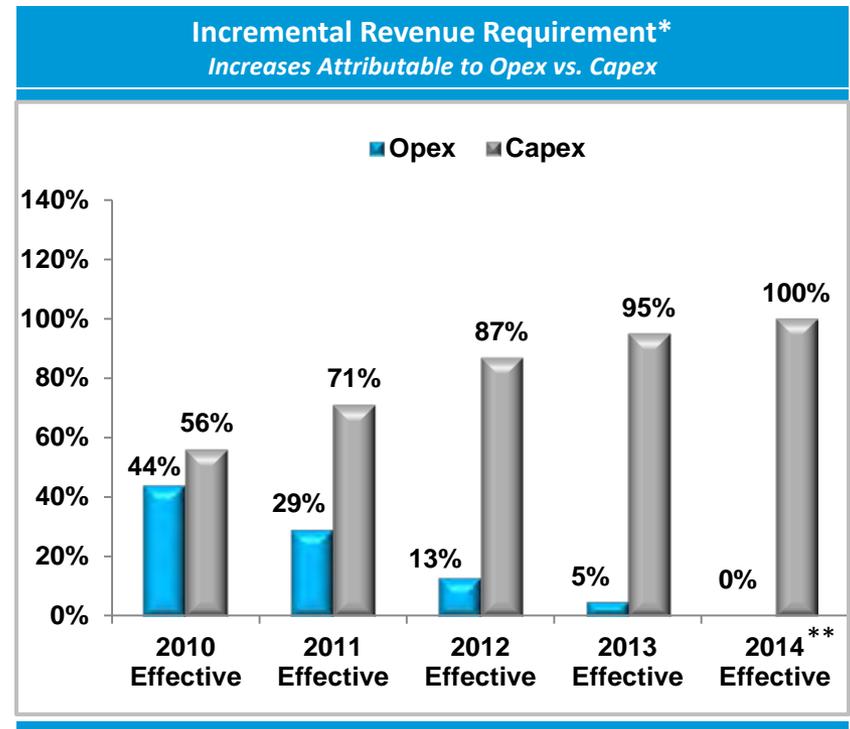


Pipe Replacement rate is shortening

# Our Disciplined Approach To Investing



Note:  
O&M Efficiency Ratio - Non GAAP measure – See appendix for reconciliation



Note:  
\* Approximation in states where we received black box award  
\*\* For general rate cases effective in 2014, the incremental revenue requirement was reduced by 25% due to lower operating expenditures

# We work with State Commissions to Lower Impact of Regulatory Lag to Increase Investments

## Positive Policies to reduce Regulatory Lag

	Infrastructure Surcharge Programs	Forward Looking Test Years	Surcharges for Changes In Opt Expenses	Full or Partial Single Tariff	Rates recovery on Plant not yet in service <sup>(1)</sup>	Revenue Decoupling or Declining Usage Adjustment
NJ	X		X	X		X
PA	X	X		X	X	X <sup>(3)</sup>
MO	X		X	X		X <sup>(3)</sup>
IL	X	X	X	X	X	X
IN	X	X		X		X <sup>(3)</sup>
WV				X		
CA		X	X		X	X
KY		X		X	X	
NY	X	X	X		X <sup>(2)</sup>	X
TN	X	X	X		X	X <sup>(3)</sup>
VA		X	X		X	
IA				X		
HI		X				
MD			X	X		X <sup>(3)</sup>

(1) As opposed to capitalizing an allowance for funds used during construction

(2) NY Rates recovery on Plant not yet in service, only applicable to non interest bearing projects

(3) The Company's view is that declining usage adjustment was allowed in the case, the actual declining usage adjustment was not disclosed in the Order or the applicable settlement agreement.

# Recent Legislations Promoting Acquisition Of Troubled Systems



## Water Infrastructure Protection Act:

- S-2412, Effective Feb 5, 2015
- Streamlines the approval process for sales (no ballot question required)
- Third party appraisal for valuing water and wastewater assets



## Distressed Utility Acquisition Bill:

- House Enrolled Act 1319 , Effective July 1, 2015
- Enables regulatory authority to approve purchase price cost differential recovery associated with troubled (distressed) utilities

## Other States With Similar Acquisition Adjustments:



# Our Role In California

## Investing in Future of Water

- Total capital Investment ~\$300 million
- Desalination Plant : 6.4 or 9.6 MGD
- Heated Metal Oxide Particles (HMOPs)
- Innovative Subsurface Slant Well Intake System
- Aquifer Storage & Recovery



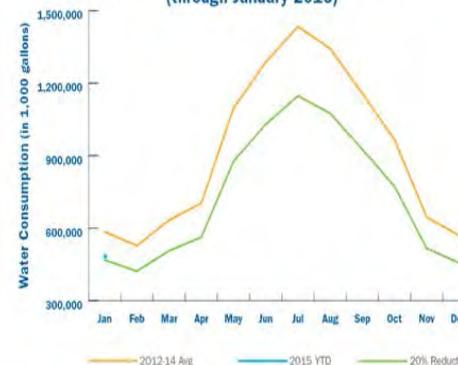
## Leading with Conservation

- Record drought, 25% mandatory statewide water usage reductions
- Most of our locations already reduced water use tremendously, and in Sacramento, as much as 17 percent since 2013
- Piloting Innovative Technology
  - AMI Pilot in Monterey, monitor daily water consumption
  - Customers can sign up for text or email alert
- Usage decoupled from earnings

## CURRENT STATUS - Sacramento District

20% reduction requested. Current reduction: 17%

### Customer Conservation Progress Current Consumption vs. 20% Reduction (through January 2015)



Conservation GOAL: 20%

Actual conservation:  
**17%**  
for Jan 2015

Water Waste Reports Received:

January: **6**  
Year to Date: **6**



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## Our Market-Based Business



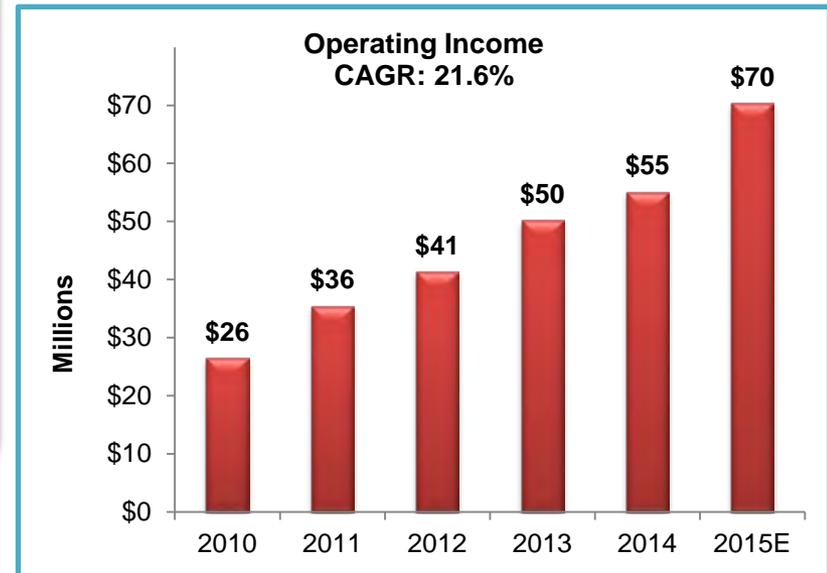
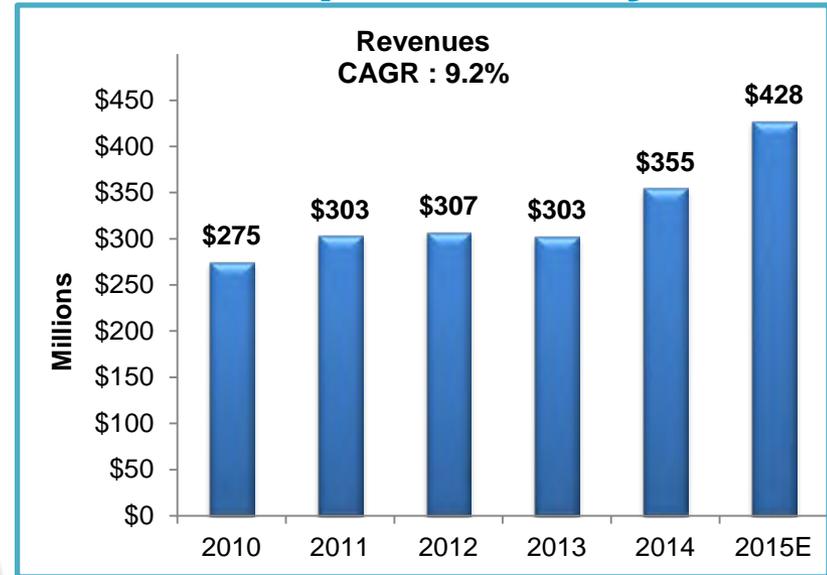
# American Water Enterprise Generates Complementary Opportunities For Growth

## Lines of Business

- **Homeowner Services (HOS)**
- **Contract Operations**
  - Military Services Group (MSG)
  - Municipal/Industrial (CSG)

## “Regulated Like”

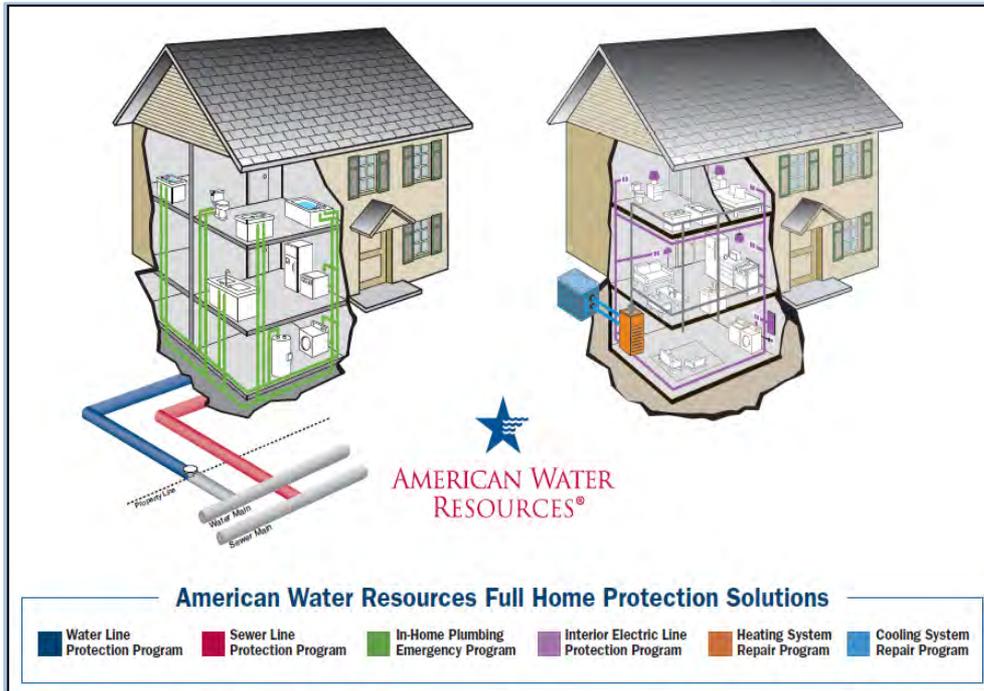
- Capitalizes on AW strengths
- Strong/consistent margins
- Controllable risk
- Growing markets



Note: MBB segment also includes two non-regulated contracts for NJ concessions which are not included in this presentation

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# Homeowner Services



- Protect homeowners from unexpected high repair costs
- Manage approximately 700k customers and 1.4m contracts
- Municipal partnerships
  - New York City
  - Nashville, TN
  - Burlington, IA
  - Orlando, FL
- Current warranties:
  - Water Line
  - Sewer Line
  - In Home Plumbing
  - In Home Electric
  - HVAC (Test)

***Under-penetrated Market Opportunity as large Municipal Players are Increasingly Open to Partnerships***

# Military Services: Overall Growth Strategy

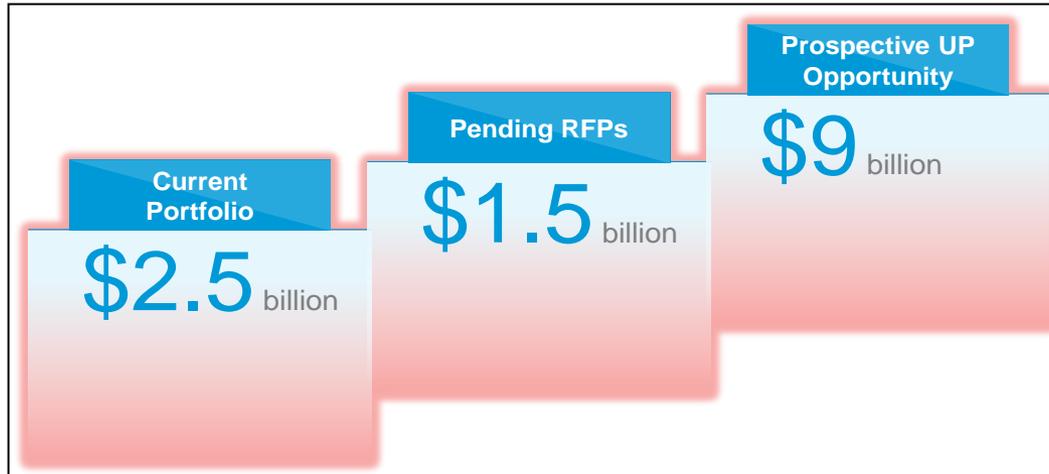
## Add New Customers

### Current Bases

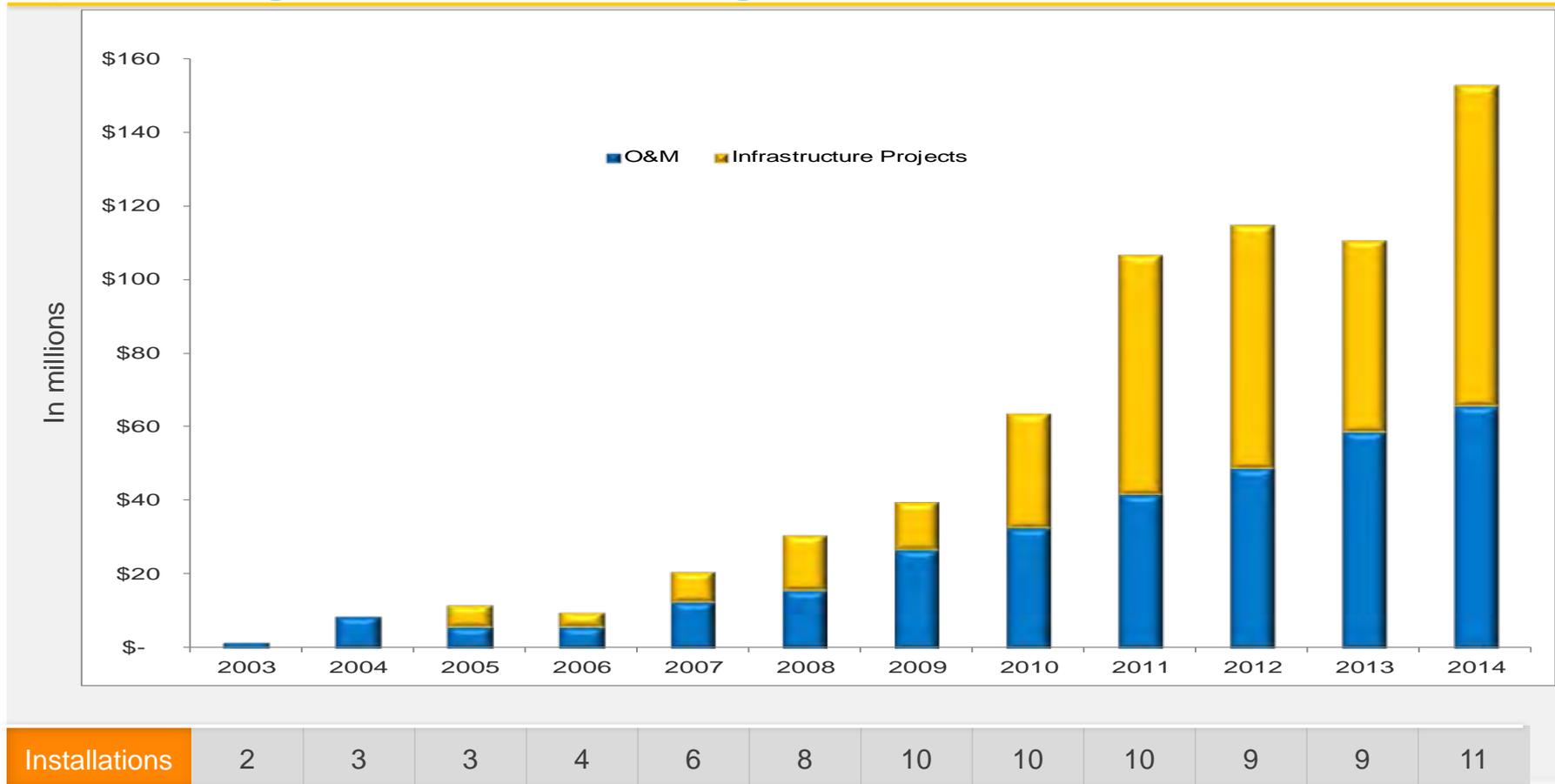
- Ft. Leavenworth (39 yrs. Left)
- Ft. Sill (39 yrs. Left)
- Ft. Rucker (40 yrs. Left)
- Scott AFB (43 yrs. Left)
- Ft. AP Hill (43 yrs. Left)
- Ft. Hood (44 yrs. Left)
- Ft. Polk (44 yrs. Left)
- Ft. Meade (45 yrs. Left)
- Ft. Belvoir (45 yrs. Left)
- Hill AFB (50 yrs. Left)
- Picatinny Arsenal (50 yrs. Left)
- Vandenberg AFB (50 yrs. Left)

## Optimize Existing Bases

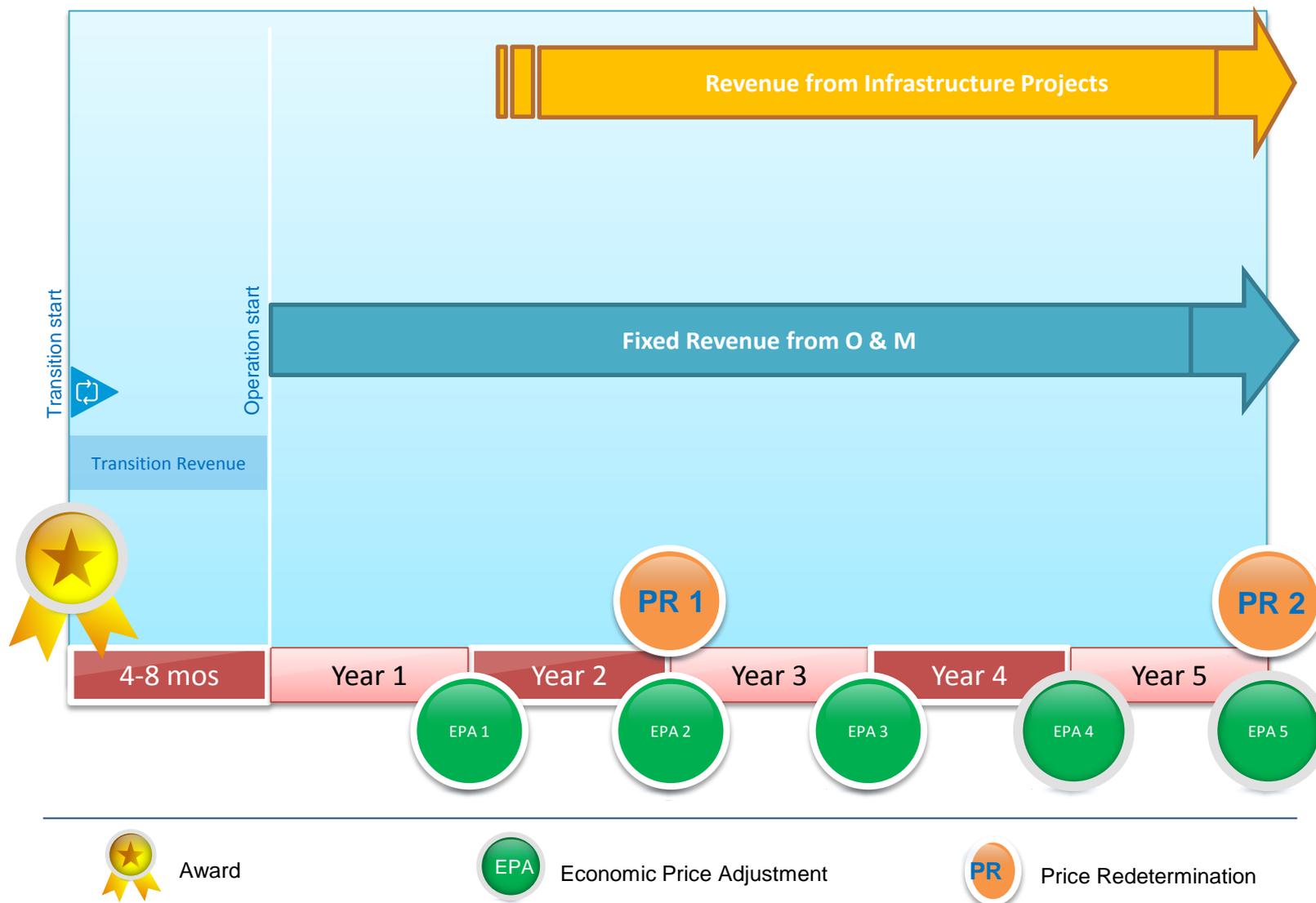
1. Price Redeterminations
2. Infrastructure Modifications



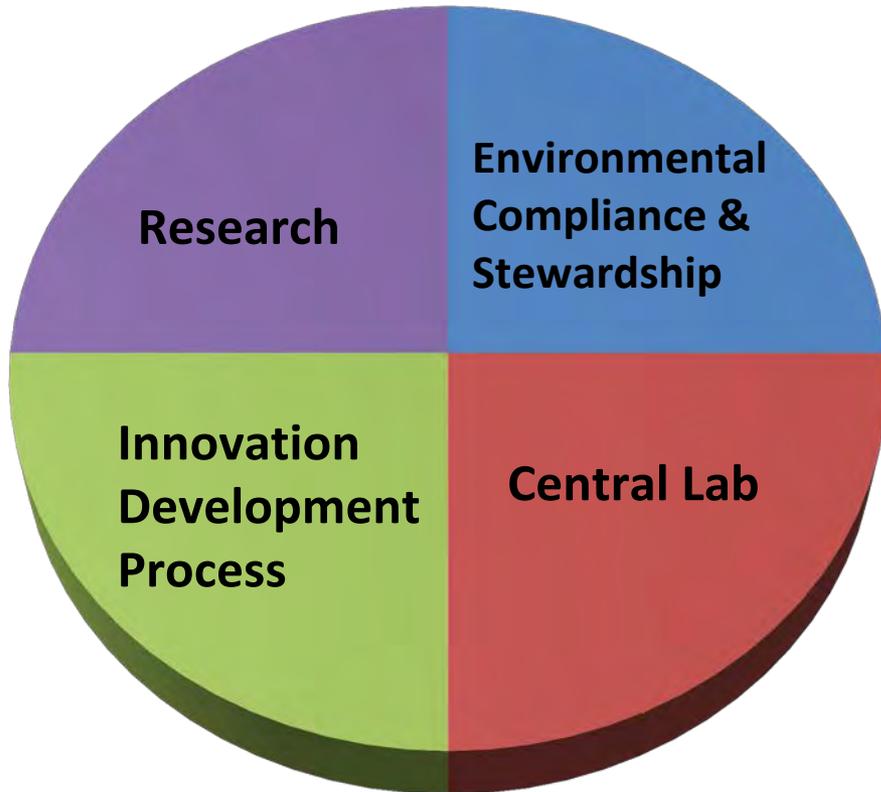
# Military Services: Growth By Adding New Bases & Optimizing Value At Existing Bases



# Military Services: Typical Revenue – First 5 Years Of Contract



# INNOVATION AND ENVIRONMENTAL STEWARDSHIP



## Interdisciplinary team of 40 people:

- Engineers, Chemists, Microbiologist & Environmental Scientists

## Objectives:

- Address emerging water quality or regulatory issues
- Evaluate & recommend new technology to enhance operations
- Support operations with technical, functional expertise

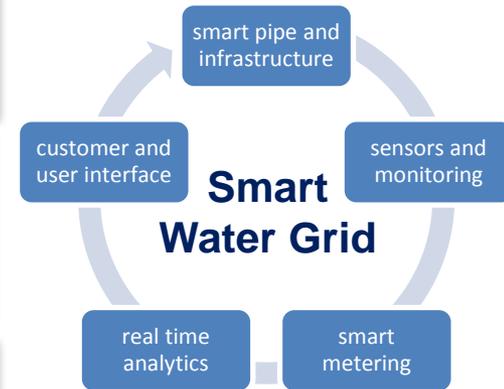
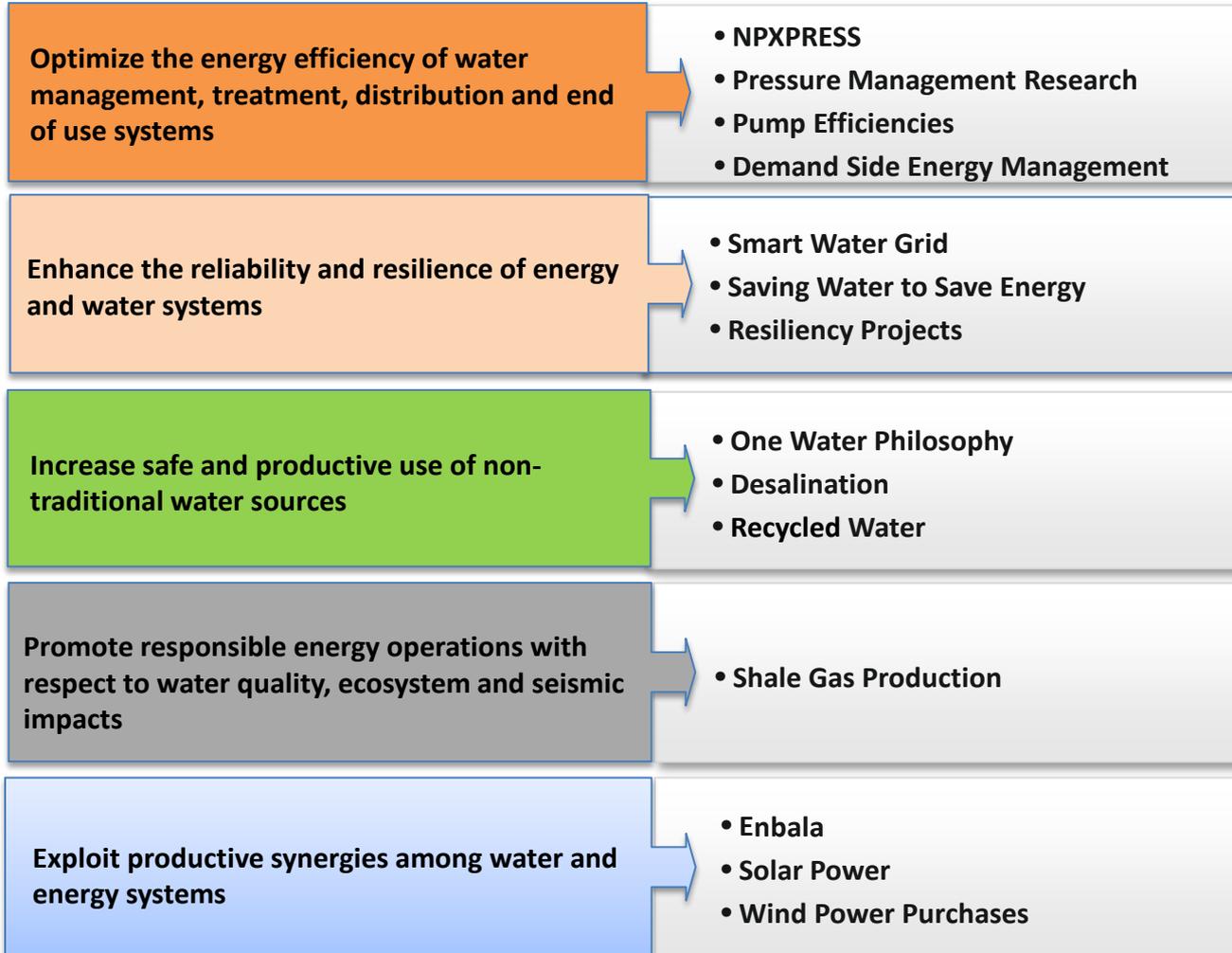
## Research Facts:

- More than 150 awards received for superior water quality
- Nearly 80 competitive research grants awarded
- Over \$32M total grant value
- Five US based patents

# The Water-Energy Nexus: Challenges & Opportunities

## DOE's Strategic Pillars

## American Water's Efforts



Note: Does not include DOE's pillar "Optimize the freshwater efficiency of energy production, electricity generation and end use systems"

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# Our Future Results Are Anchored On 5 Central Themes With Customers At The Center Of All We Do

- Zero accidents and injuries
- Live healthy

- Grow existing businesses
- Buy and build complementary businesses



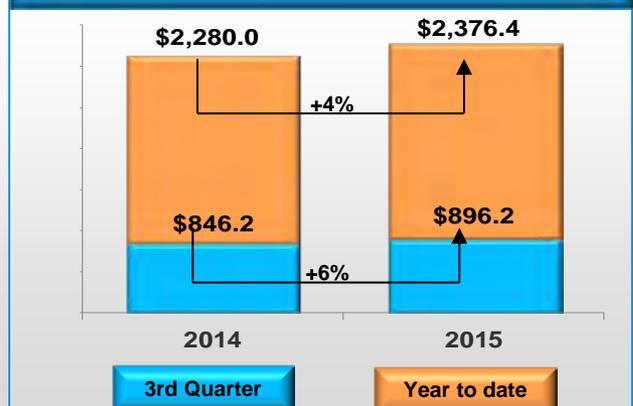
- Proud and engaged people who are always improving
- Diverse teams making a difference

- Long-term environmental leadership
- Industry-leading operational efficiency, driven by technology

- Very satisfied customers
- Know our customers' needs and deliver value

# Continued Strong Q3 2015 Revenue & EPS Growth

## Operating Revenues (\$ in millions)



## Adjusted Diluted Earnings Per Share Continuing Operations\*



## Third Quarter EPS Contribution By Business Segment

(Diluted EPS From Continuing Ops)

	<u>2015</u>
Regulated Businesses	\$0.97
Market-Based Businesses	\$0.07
Other (Includes Parent interest & other)	(\$0.08)
<b>Total EPS</b>	<b><u>\$0.96</u></b>

## Year To Date EPS Contribution By Business Segment

(Diluted EPS From Continuing Ops)

	<u>2015</u>
Regulated Businesses	\$2.09
Market-Based Businesses	\$0.17
Other (Includes Parent interest & other)	(\$0.17)
<b>Total EPS</b>	<b><u>\$2.09</u></b>

Note: \*Reported 2014 YTD EPS of \$1.87 was adjusted by \$0.04 for the after-tax impact of the Freedom Industries chemical spill in WV. Segment information rounded for presentation purposes

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# Investor Relations Team:

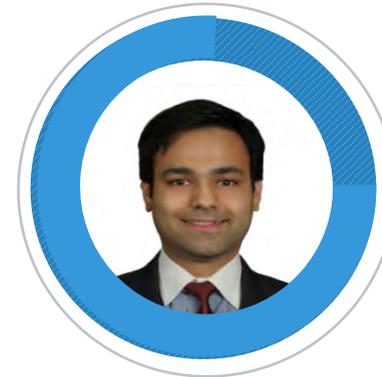


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**AWK  
LISTED  
NYSE**



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**Q4 2015 Earnings Call: February 25, 2016, 9 a.m. ET**  
**Investor Day: December 15, 2015**



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Appendix

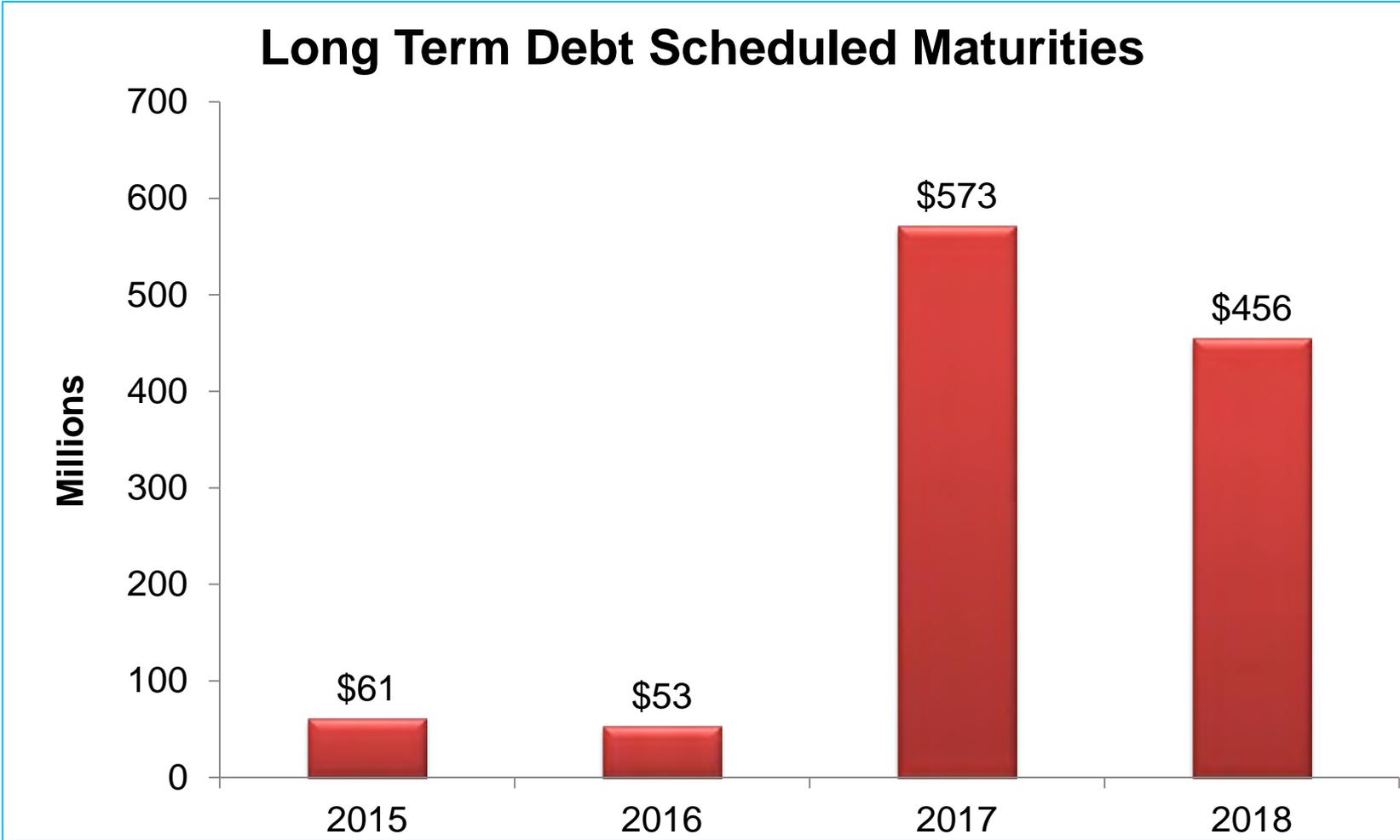
# Reconciliation Table – Regulated O&M Efficiency Ratio

Regulated O&M Efficiency Ratio (A Non-GAAP Unaudited Number)	FY	FY	FY	FY	FY
	2010	2011	2012	2013	2014
<b>(\$ in thousands)</b>					
Total Operations and Maintenance Expense	\$1,271,664	\$1,280,165	\$1,329,500	\$1,289,081	\$1,349,864
Less:					
Operations and Maintenance Expense – Market Based Operations	237,356	256,746	256,268	240,610	289,395
Operations and Maintenance Expense – Other	(61,138)	(69,192)	(56,755)	(56,973)	(51,038)
Total Regulated Operations and Maintenance Expense	\$1,095,446	\$1,092,611	\$1,129,986	\$1,105,444	\$1,111,507
Less:					
Allocation of internal non-O&M costs to Regulated O&M expense	29,414	30,590	35,067	34,635	38,985
Regulated Purchased Water Expense	99,834	99,008	110,173	111,119	121,301
Impact of West Virginia Freedom Industries Chemical Spill					10,438
Estimated impact of weather (mid-point of range)			4,289	(1,687)	(1,762)
<b>Adjusted Regulated Operations and Maintenance Expense (a)</b>	<b>\$966,198</b>	<b>\$963,013</b>	<b>\$980,457</b>	<b>\$961,377</b>	<b>\$942,545</b>
Total Operating Revenues	\$2,535,131	\$2,641,592	\$2,853,926	\$2,878,936	\$3,011,328
Less:					
Operating Revenues – Market Based Operations	274,819	303,171	307,366	302,541	354,679
Operating Revenues – Other	(25,344)	(30,470)	(17,874)	(17,523)	(17,680)
Total Regulated Operating Revenues	\$2,285,656	\$2,368,891	\$2,564,434	\$2,593,918	\$2,674,329
Less:					
Regulated Purchased Water expense*	99,834	99,008	110,173	111,119	121,301
Plus:					
Impact of West Virginia Freedom Industries Chemical Spill					1,012
Estimated impact of weather (mid-point of range)			(42,885)	15,625	16,785
<b>Adjusted Regulated operating revenues (b)</b>	<b>\$2,185,822</b>	<b>\$2,269,883</b>	<b>\$2,411,376</b>	<b>\$2,498,424</b>	<b>\$2,570,825</b>
<b>Regulated O&amp;M Efficiency Ratio (a)/(b)</b>	<b>44.2%</b>	<b>42.4%</b>	<b>40.7%</b>	<b>38.5%</b>	<b>36.7%</b>

\*Calculation assumes purchased water revenues approximate purchased water expenses

November 2015

# Debt Maturity Schedule



# West Virginia Update: Independent Comments Around West Virginia American Water's Actions During The Freedom Industries Chemical Spill



Home News Cops and Courts Sports Opinion Business Food and Livin



Monday, June 30, 2014

## Editorial: Lessons learned from the water crisis of 2014

On Jan. 9, the state became a teachable moment for the rest of America when a chemical leak by Freedom Industries contaminated the water of one-sixth of the residents of West Virginia.

Last week, the independent West Virginia Testing Assessment Project issued its final report. This gives people a chance to reflect on what happened nearly six months ago.

What went right?

West Virginia American Water Co. did not shut its water treatment plant down when it realized it could not properly filter MCHM from the water. Given the need for 300,000 people to continue to flush commodes and the need for fire protection for 100,000 homes and businesses, company president Jeff McIntyre made the right call.....”

ACE<sup>14</sup>  
ANNUAL CONFERENCE & EXPOSITION

Annual Conference & Exposition  
Boston Convention & Exhibition Center | Boston, MA USA  
Conference > June 8 - 12 | Exposition > June 8 - 11

Dr. Peter Grevatt, head of USEPA's Office of Ground Water & Drinking Water



***(West Virginia American Water)...”In my view they did what they absolutely had to do in that circumstance. They had this chemical coming in, people were detecting it just by being able to smell it, and we didn’t know much about what it was. The only thing to do was to tell people that they couldn’t use the water without cutting off the intake because we needed to have the water available for fire suppression and other emergencies”***

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# Regulatory Filings Focused On Infrastructure Investments

## Rate Cases Awaiting Final Order

### A. Rate Cases Filed

Company	Docket / Case Number	Date Filed	Revenue Increase		ROE Requested	Rate Base
West Virginia	Cases 15-0676-W-42T & 15-0675-S-42T	4/30/2015	\$35.6	(a)	10.75%	\$540.0
Missouri	Case No. WR-2015-0301 & SR-2015-0302	7/31/2015	25.2	(b)	10.70%	1,082.6
Virginia	Case No. 2015-00097	10/30/2015	8.7		10.75%	162.2
			<b>\$69.5</b>			<b>\$1,784.8</b>

## Rates Effective since October 1, 2014

	Date Effective	Revenue Increase		Comments
<b>B. Step Increases</b>				
California	Various	\$1.9	(c)	Final Step
		<b>\$1.9</b>		
<b>C. Infrastructure Charges</b>				
Missouri (ISRS)	12/31/2014	\$9.0		
New Jersey (DSIC)	1/1/2015	9.4		
Illinois (QIP)	1/1/2015	4.9		
Illinois (QIP)	2/1/2015	1.0		
Pennsylvania (DSIC - W & WW)	4/1/2015	1.6		
New York (SIC)	6/1/2015	0.1		
Missouri (ISRS)	6/27/2015	1.9		
Tennessee (QIIP, EDI & SEC)	6/30/2015	2.2		
Pennsylvania (DSIC - W & WW)	7/1/2015	4.6		
Pennsylvania (DSIC - W & WW)	10/1/2015	7.8		
		<b>\$42.5</b>		
<b>D. Rate Cases</b>				
Indiana	1/29/2015	\$5.1		
California	1/1/2015	5.2	(d)	
Maryland	6/19/2015	0.5		
Kentucky WW	7/2/2015	0.2	(e)	
New Jersey	9/21/2015	22.0		
		<b>\$33.0</b>		

Note: See slide 22 in appendix for footnotes

November 2015

# Regulatory Filings: Rate Cases Update Footnotes

- (a) The revenue amount requested includes \$35,472k for water operations and \$176k for wastewater operations.
- (b) The revenue amount requested includes \$23.4 million for water operations and \$1.8 million for wastewater operations, these amounts exclude the \$25.8 million in ISRS revenue previously allowed for a total request of \$51.0 million.
- (c) The Company has received approval for \$1,880k in increases to date, \$597k was rejected and the Company is awaiting a ruling on its appeal. The 2014 step increases are included in the current rate case decision.
- (d) On February 19, 2015, the Company, the Office of Ratepayer Advocate (ORA), City of Pacific Grove, Las Palmas Wastewater Coalition, and the Monterey Peninsula Water Management District (MPWMD) submitted an amended settlement of \$24.0 million, of which \$5.6 million in purchase water increases and the \$1.9 million step increases (see footnote c) were granted prior to 1/1/2015. The \$24.0M includes estimated increases in the escalation year 2016 and the attrition year 2017 of \$5.0 million and \$6.3 million, respectively.
- (e) The revenues granted in the amount of \$186K are based on a four-year phase-in of equal percentage increases each year.

# Regulated Utilities: Rate Base & Authorized Return on Equity

## Last Rate Case Awarded - Largest Regulated Subsidiaries



Authorized Rate Base*	\$439,448		\$706,386		\$841,915	(b)	\$384,729		\$831,375	(b)
Authorized ROE	9.99%	(a)	9.34%		9.75%		9.70%		10.00%	(g)
Authorized Equity	53.00%	(a)	48.10%		41.55%	(c)	44.70%		50.57%	(e)
Effective Date of Rate Case	1/1/2015	(a)	10/1/2012		1/29/2015		10/25/2013	(d)	4/1/2012	



Authorized Rate Base*	\$2,386,790		\$128,882	(f)	\$2,425,711	(b)	\$119,254	(b)	\$448,841	(b)
Authorized ROE	9.75%		9.65%	(f)	10.25%	(g)	9.75%		9.90%	(g)
Authorized Equity	52.00%		42.00%	(f)	51.69%	(e)	42.67%	(e)	45.23%	(e)
Effective Date of Rate Case	9/21/2015		4/1/2012	(f)	1/1/2014		12/12/2012	(h)	10/11/2013	

\*Rate Base stated in \$000s

### Notes:

- CA received D.15-04-007 on April 9, 2015. The decision, addressing the revenue requirement, is retroactive to 1/1/2015. CA has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding and is still under the decision issued July 12, 2012. The next Cost of Capital application is scheduled to be filed March 31, 2016 with a projected effective date in 2017.
- 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.
- Regulatory capital structure includes 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
- Rates Under Bond were effective July 27, 2013 and received final Order October 25, 2013.
- 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
- Information pertains only to the former company of Long Island American Water.
- 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.
- Rates Under Bond were effective July 12, 2012 and received final Order December 12, 2012.

# Reconciliation Table: Closed & Pending Regulated Acquisitions

Acquisitions				
2015 Closed Acquisitions				
State	No of Acquisitions	Water Customers	Waste Water Customers	Total Customers
IN	2	546	—	546
MO	2	25	9,296	9,321
NJ	1	4,500	4,500	9,000
PA	2	55	245	300
Total	<b>7</b>	<b>5,126</b>	<b>14,041</b>	<b>19,167</b>
Announced Pending Acquisitions**				
<i>(As of November 5, 2015)</i>				
State	No of Acquisitions	Water Customers	Waste Water Customers	Total Customers
CA	5	2,590	253	2,843
IL	1	135	—	135
MO	4	254	399	653
NJ	2	104	5,300	5,404
NY	1	35	—	35
PA	3	196	4,060	4,256
Total	<b>16</b>	<b>3,314</b>	<b>10,012</b>	<b>13,326</b>

\*\*Announced pending defined as awaiting financial close, municipal and/or regulatory approval.

November 2015

# Reconciliation Tables: Adjusted Diluted Earnings Per Share From Continuing Operations

Diluted Earnings Per Common Share					
	2010	2011	2012	2013	2014
<b>Net Income - GAAP</b>	\$ 1.53	\$ 1.75	\$ 2.01	\$ 2.06	\$ 2.35
Less:					
Income/(Loss) from discontinued operations	\$ 0.07	\$ 0.03	(\$ 0.09)	(\$ 0.01)	(\$ 0.04)
<b>Income from continuing operations per diluted common share - GAAP</b>	<b>\$ 1.46</b>	<b>\$ 1.72</b>	<b>\$ 2.10</b>	<b>\$ 2.07</b>	<b>\$2.39</b>
Add:					
2013 Debt Tender Offer				\$ 0.14	
After-tax impact of Freedom Industries Chemical Spill in West Virginia					\$ 0.04
<b>Adjusted diluted EPS from Continuing Operations</b>	<b>\$ 1.46</b>	<b>\$ 1.72</b>	<b>\$ 2.10</b>	<b>\$ 2.21</b>	<b>\$ 2.43</b>

Note: Amounts may not sum due to rounding